THE STANDARD BANK OF SOUTH AFRICA LIMITED

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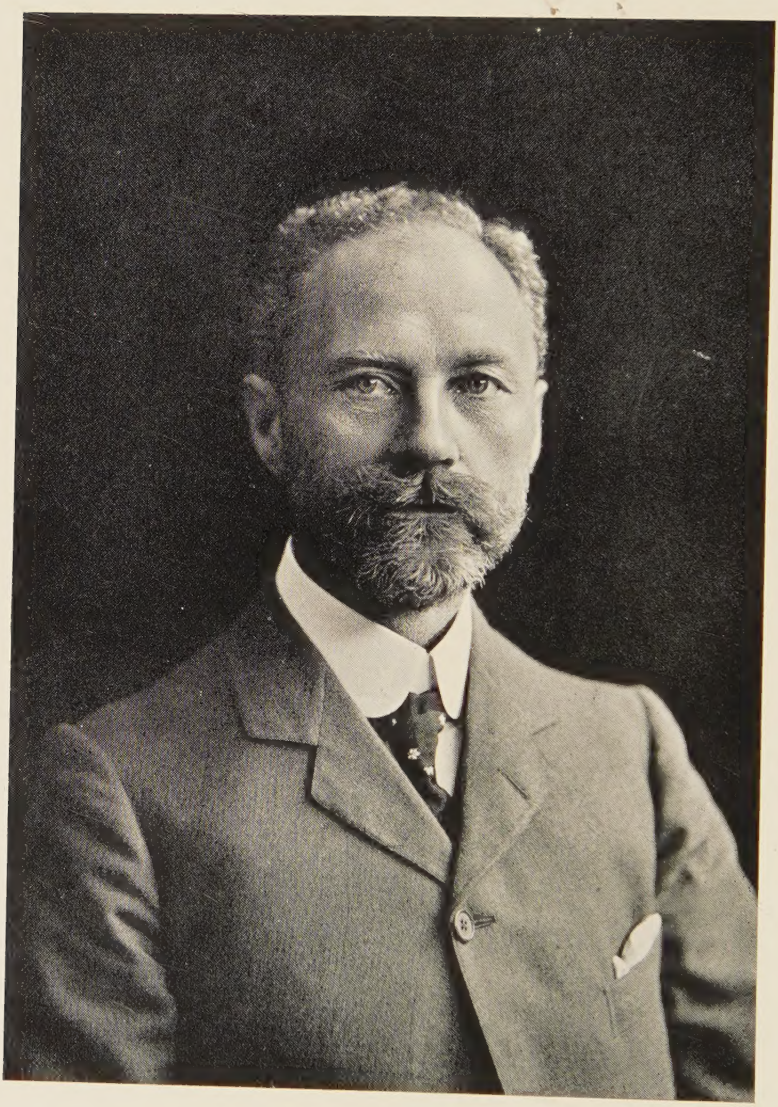
HISTORY
OF
THE STANDARD BANK OF SOUTH AFRICA LTD.



MR. G. T. AMPHLETT

HISTORY
OF
THE STANDARD BANK OF SOUTH AFRICA LTD.

1862-1913

GLASGOW
Printed at the University Press by
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1914

PREFACE

THE author of the *History of the Standard Bank of South Africa, Limited*, Mr. George Thomas Amphlett, was born on the 1st January, 1852, at Marylebone, and was educated at the local Philological School and at King's College, London.

His early Banking experience was acquired in the London Office of the Bank of New Zealand, and in the Hamburg Offices of the Wechsler Bank and the Commerz und Disconto Bank.

He entered the service of the Standard Bank of South Africa, Limited, in 1881, and was posted to the Port Elizabeth Branch.

A year later he was transferred to the General Managers' Department at Cape Town, and, in 1889, he became Secretary to the General Managers.

Cape Town is the headquarters of the Bank in South Africa, and his services at headquarters were so highly valued that he was retained there in various offices until he retired in 1914, after completing a service of thirty-three years.

At the time of his retirement, he was discharging the duties of Assistant General Manager.

He was a man of kindly disposition, much beloved by his colleagues, and his conspicuous devotion to his official duties did not prevent him from taking an active interest in other matters, public as well as private.

To him was due, in a great measure, the foundation of the Institute of Bankers in South Africa in 1904. He was the first Chairman of the Council of the Institute, and he held this office continuously to the date of his retirement in 1914; he was also President of the Institute from April, 1911, until March, 1912.

He was devoted to mountaineering, and was President of the Mountain Club of South Africa.

He retired from the Bank on pension with effect from 31st January, 1914, and the value of his services was specially recognized by the Board of Directors, while presentations were made to him both by his colleagues in the Bank and by the Associates and Members of the Institute of Bankers in South Africa.

It was his intention, after a visit to the Victoria Falls, on the Zambesi, to spend a couple of months at a farm which he had acquired in Rhodesia, before proceeding in company with Mrs. Amphlett on an extended tour to Central Africa, Europe, and Canada, with a view to mountaineering, to which pursuit he was devoted, as has been mentioned already.

Unfortunately he contracted malignant fever at the Victoria Falls, and died at Salisbury (Rhodesia)

on 27th February, 1914, less than one month after his retirement.

Some time before his retirement, he had begun a History of the Standard Bank of South Africa, Limited, and the manuscript was completed before his death. This History is now published by the Directors as their last tribute to the memory of a faithful and devoted servant of the Bank. They believe that the work will be of value to the Shareholders of the Bank as well as to the Members of its Staff, and they trust that it may have some interest for a wider public in view of the light which it throws, indirectly, on the progress during the last fifty years of the territories which now constitute the Union of South Africa.

The photographs of the Bank Premises at Bulawayo, Capetown, Johannesburg, Pretoria, Riversdale and Umtali, as they existed at different dates, illustrate in a striking manner the rapidity of the development of South Africa.

D. B.

London,
November, 1914.

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STANDARD BANK, LONDON OFFICE

CHAPTER I.

THE ESTABLISHMENT OF THE STANDARD BANK OF BRITISH SOUTH AFRICA, NOW CALLED THE STANDARD BANK OF SOUTH AFRICA.

With the subscribed Capital of the Standard Bank of South Africa, Limited, exceeding £6,000,000, supplemented by a Reserve Fund of £2,000,000 sterling, and with Branches extending from Cape Town to Uganda and important Agencies in Hamburg and New York, some little imagination is required on the part of present-day shareholders and officials to carry them back to the day of small things which existed at the time of the Bank's establishment in 1862.

Steamship communication with England occupied over forty days, the cable was not dreamt of, and Responsible Government but vaguely mooted. Postage to England by the mail packets was 1s. per letter, and within the Cape it was 4d. per half-ounce. The telegraph wires had only been extended to Simonstown, and inland as far as Paarl, and were being laid from Port Elizabeth to Grahamstown

and King William's Town. The first railway from Cape Town to Wellington was under construction by a private Company.

The boundaries of the Cape Colony were the Orange River on the north and north-east and the Stormberg Mountains and the Indwe and Keiskama Rivers on the east. The Colony had a territory of some 300,000 square miles, with a population of about 300,000 Whites.

Africa was known as the Dark Continent, and excepting Egypt and the Colonies of the Cape and Natal, the area beyond the fringe of the coast line was mostly a blank space on the map. Livingstone was at the time exploring between the Zambesi and Nyasa, and Captain Speke was pushing his way to Lake Nyanza and the mysterious sources of the Nile.

The over-sea export trade of the Cape Colony and Natal barely exceeded two millions sterling, as against over £65,000,000 at the present day. The Diamond Fields and Gold Mines were undiscovered. The Ostrich Feather industry had virtually not been started; Mohair was almost non-existent, and Wool shipments were little more than a million and a quarter sterling. At the present day the value of the exports of these articles may be taken at:

Ostrich Feathers -	£2,609,000	per annum.
Mohair - - -	967,000	
Wool - - -	4,781,000	

The term of office of that enlightened Governor and High Commissioner, Sir George Grey, K.C.B., had just been completed, and the Colony had attracted a good deal of attention as a result of the visit, in 1861, of H.R.H. Prince Alfred, by whom the works of the Cape Town Breakwater, which had been projected for over a century and a half, were actually started.

Trade and production in the Colony had been for some years past steadily progressive, and, with the impending improvement in means of communication by the telegraph and railway construction, the country was ripe for increased Banking facilities.

The Banking capital of the Colony had in fact not kept pace with the increase of trade, and, to quote from the Prospectus of the proposed Bank: "it had become clear that a new Banking Institution of considerable magnitude and with adequate resources was a public necessity and must command success."

The Bank actually originated with certain Port Elizabeth merchants, most prominent among whom was Mr. John Paterson, its first Chairman, but the idea was warmly supported in other parts of the Colony and by South African merchants in London, where, of course, it was intended to raise the necessary capital.

Circumstances favoured the project, as the year 1862 was one of easy money and active speculation. It was specially noteworthy in connection with Banking enterprise, no less than twenty new Banking institutions being registered in London in that year,

possessing an aggregate nominal capital of about £25,000,000 sterling. This activity was stimulated, no doubt, by the English Companies Act of 1862. The Standard Bank was, in fact, among the earliest institutions to register with limited liability under the new Imperial Act, while its great rival, the London and South African Bank, which had been started during the previous year, was, it is believed, the last to be established under authority of a Royal Charter. The Standard Bank was registered under the title of the "Standard Bank of British South Africa, Limited."

Numerous articles appeared in the financial press of the day expressing doubts as to the wisdom of extending limited liability to Banks, and the *Bankers' Magazine*, in an article on the "Banking Mania," remarked that "if such steam pressure was exercised in the manufacture of Banks, the end must be a crisis which would not only sacrifice the principle of limited liability but seriously involve Directors, Shareholders, etc., in the common ruin."

While questioning the need for certain Banks which had just been created, the publication referred to went on to say as regards the Standard Bank :—

"It will supply additional accommodation to that afforded by the London and South African Bank, and as the Directors are men of experience, with satisfactory Colonial connections, no reason exists why this establishment should not be as prosperous and as successful as the one recently placed in operation. It is highly probable that the Standard Bank of

STANDARD BANK, CAPE TOWN, ORIGINAL PREMISES

British South Africa, and the London and South African Bank will both eventually absorb and take over several of the smaller Cape, Port Elizabeth and Natal Banks and thus in a degree concentrate the financial transactions of the Colony. The Cape of Good Hope will favour the introduction of Banking capital, and under judicious management the returns ought to be considerable. Before, however, any additional schemes for either the Cape or Natal are encouraged—and it is stated that further projects are in view—the present undertakings should be tested so as to ascertain the extent to which the Colony will allow further competition."

These remarks as to the danger of unduly increasing the number of Banks with limited liability were justified, as subsequent events showed, but in the case of the Standard Bank, the reserve liability of £75 on each £100 share was obviously a compromise between the principle of limited as distinguished from unlimited liability.

The London *Standard* of 15th October, 1862, in referring to the establishment of the Bank, remarked:—

"The Cape of Good Hope no doubt presents a very fine field for Banking operations, and the success that has attended the London and South African Bank shows that well-organised establishments will attract an important business and be appreciated. The local Banks though enjoying large connections cannot afford a due proportion of the required facilities, and hence the favourable prospects of these two Institutions (The Standard Bank of British South Africa Ltd. and the London and South African Bank).

"The trade of the Colonies in South Africa and its steady increase warrants the Directors in assuming that their project will receive a fair amount of support, and the prices quoted of the shares of the old established Banks, including those at

the Cape, Port Elizabeth, and Natal, must lead to the conclusion that they have proved very satisfactory investments. Powers have been taken for incorporating, if necessary, existing Banks, and the preliminary expenses will be strictly confined to matters of actual outlay. It is stated that of the 5,000 shares in the first instance required, nearly 3,500 have already been subscribed, while numerous valuable mercantile accounts have been promised."

The Money Market Review of the 18th October in the same year contained the following :—

"The only new undertaking of importance that has been announced this week is the Bank under the above title (Standard Bank of British South Africa, Limited). It is formed under respectable and practical auspices and upon a scale of considerable magnitude, the Capital being fixed at £1,000,000 in 10,000 shares of £100 each, and with power to increase to £2,000,000. The first issue, however, is judiciously limited to 5,000 shares.

"Scarcely any Colony of the British Crown is advancing more satisfactorily in material prosperity than South Africa, and numerous particulars demonstrating the lucrative nature of the field there presented for capital and enterprise have from time to time been laid before the readers of the *Money Market Review*. The rate of discount of first-class bills in the Colony ranges from 8 to 12 per cent.; the local Banks divide at rates varying from 12 to 22 per cent. per annum, and the local journals not merely vouch for their solidity, but express wonder that Home capital does not flow more freely to so promising a Colony."

The *Economist* also on the same date referred to the new Bank as follows :—

"The Standard Bank of British South Africa, Limited, is now constituted. It is designed to carry on every sort of Banking business in the Colonies of South Africa of which the

commerce is rapidly increasing, where Banking accommodation is said to be deficient, and where the present Banks are unquestionably profitable."

Some Colonial references to the new institution are quoted below :—

Cape Argus, 21st October, 1862 :

" A new Bank to be called ' The Standard ' is to be started here by a London Company. There is plenty of room for it and no doubt the shareholders will get, like the shareholders of the London and South African Bank, splendid dividends."

Cape Argus, 13th December, 1862 :

" We are to have another Bank. Mr. John Paterson's ' Standard ' is fairly hoisted. The Standard Bank starts with a capital of One million sterling, and a clerk, cashier, and Manager will soon be here. . . . It (capital) comes from all directions, and this last addition of ' a million ' is, vulgarly speaking, ' a clincher.' "

Eastern Province Herald, 15th December, 1862 :

" The formation of the Standard Bank is announced with a Capital of £1,000,000 sterling. Our present Banks are flourishing, and we have no doubt that the new Bank under its influential and practical Directorate will have an equally prosperous career, while the Colony will largely benefit by the proposed addition to its capital."

Eastern Province Herald, 23rd December, 1862 :

" Perhaps the most important item of news brought by the last mail steamer from England is that which has reference to the formation of the Standard Bank. An Institution of this kind is calculated to have the most important bearing on the trade of this Colony ; and in a variety of collateral ways the advantages accruing to the Eastern Province, by the successful management of such an establishment, are greater

and more numerous than at first perceived. The Colony will thus become better known than it has been, and its trade and capabilities better understood. We shall, in fact, be brought into closer and direct contact with monied men of the old world, who will soon find that the South African Colonies offer a fine field for legitimate trading, and especially for the profitable employment of surplus capital, coupled with undoubted security.

". . . The Standard Bank of British South Africa is an accomplished fact. It owes its origin and successful debut to our friend and quondam fellow-townsman John Paterson, Esq., one of the shrewdest and most clearheaded Scotchmen of whom Port Elizabeth can boast.

" The name Paterson is already associated with most of our public institutions, and to him this town is greatly indebted for the position it holds, and the progress it has made."

The capital of the Bank was in the first instance fixed at £1,000,000 in 10,000 shares of £100 each, with power to increase to £2,000,000. The Prospectus provided that on the first issue of shares, limited to 5,000 or half the whole number, a deposit of £1 per share should be made on application, £1 on allotment, further calls not to exceed £5 each until £25 per share had been paid, and three months to intervene between each call. Before the time for closing the share list arrived, however, applications had been made for 43,000 shares. They were, in fact, eagerly bought up on the Stock Exchange before allotment at prices ranging from 30s. to 40s. premium. This was some evidence that capitalists in England were becoming alive to the value of Cape investments.

STANDARD BANK, CAPE TOWN, PRESENT PREMISES

The first Directors of the institution were :—

James Black.	Thomas Stenhouse (Deputy Chairman).
Alexander Croll.	
William Duthie.	John Torrance.
S. Bolton Edenborough.	Edward Weston.
Alfred Jarvis.	Robert White.
John Paterson (Chairman).	

To enable readers to form an idea of the Banking position at the Cape at the time of the establishment of the Standard Bank, it may be useful to quote the following extract from the *Cape Argus* of the 20th January, 1863 :—

" There are thirty Banks in operation in Cape Colony, and all of them on the Joint-Stock principle and professing to publish their Returns. In addition, a few leading firms transact a banking business, chiefly in the remoter districts, and issue printed Notes which have more or less of a circulation. The principal, if not the only, firms now so doing are Messrs. Barry & Nephews, Mosenthal Brothers, and Phillips & King. These firms do not publish their Banking Accounts or statements of their circulation, but it is understood the system of private banking is much on the decline and especially the members of the first-named firm have connected themselves with the direction of other district Banks.

" In 1859 the trading Capital of 16 Banks was £2,343,983.
" ,, 1860 ,, ,, 17 ,, 2,630,207.
" ,, 1861 ,, ,, 21 ,, 3,061,300.
" ,, 1862 ,, ,, 29 ,, 3,350,000.

" (The last two years do not include the London and South African Bank's Returns, which are not published in the Colony, and the Paid-up Capital of which alone is £400,000.) "

In 1862 the resources of these Banks stood as follows :—

Proprietors' Capital Paid-up - -	£940,343
Reserve - - - - - -	147,998
Circulation - - - - -	304,910
Deposits - - - - - -	1,955,782
	£3,349,033

These funds were thus employed :—

Lent to customers and Sundry Assets	£3,058,353
Cash in hand - - - - -	286,471
	£3,344,824

(Excluding London and South African Bank.)

Some of these institutions made considerable profits. Thus the dividend earned by the Commercial Bank of Port Elizabeth during the year 1862 amounted to 19½ per cent., and by the Port Elizabeth Bank during the same period 16½ per cent. on their respective capitals.

In January, 1863, the Standard Bank, through its agents at Port Elizabeth, Messrs. A. Croll & Co., commenced operations by discounting bills which were paid for by means of drafts on England, and it was acknowledged by the mercantile community at the time as very creditable to the Board of Directors in London that they should have so promptly placed the funds at their disposal to good account.

Overtures for amalgamation were made to the Commercial Bank of Port Elizabeth, and a Special

STANDARD BANK, CAPE TOWN, INTERIOR OF PREMISES

General Meeting of that institution was convened on the 16th February under the Chairmanship of Mr. William Dunn (afterwards Sir William Dunn) to consider the specific proposals submitted by the Standard Bank, who were represented by Mr. Alexander Croll. The shareholders of the Commercial Bank unanimously resolved to amalgamate. It was agreed that four Standard Bank Shares of £25 each paid up should be exchanged for nine Commercial Bank shares, worth at the market price of the day £11 2s. 3d. per share (ex div.), and as Standard Bank shares were standing at a substantial premium, the transaction was equivalent to a yield of £12 8s. 11d. for each Commercial Bank share. The fusion of the two Institutions was considered by business people at the time to be in the best interests of both as well as of the public and as likely to tend to larger and more profitable business.

It may be mentioned that the Standard Bank was located in temporary offices in the Guardian Buildings, Main Street, Port Elizabeth, over the offices of the Commercial Bank.

Mr. John Paterson, Chairman of the Standard Bank, returned to the Colony, and personally supervised the arrangement of the details for taking over the other institution.

Simultaneously, advertisements appeared in the press in which Mr. Paterson notified the intention of the Standard Bank to extend its operations to

different parts of the Colony, British Kaffraria and Natal, with the avowed object of incorporating smaller Banks in one strong institution with ample means and resources, and he invited overtures from Colonial Banks accordingly.

The operations of the Bank were by this time becoming very active, and it was evident that it was in possession of the public confidence. The Port Elizabeth office was placed under the management of Mr. James Tudhope. A Branch was opened at Victoria West under the management of Mr. J. C. Chase (who is at present resident in the Orange Free State); others were established at Grahamstown and Durban, and Agencies at Humansdorp and Zuurbron. Negotiations were also concluded for taking over the Colesberg Bank and the British Kaffrarian Bank, the former on the basis of giving that institution's shareholders five Standard Bank shares with £25 paid for twelve Colesberg Bank shares with £10 paid, which was equal to a premium of 8s. 4d. per share; and the British Kaffrarian Bank on the basis of two Standard Bank shares for three of the Kaffrarian Bank, equal to a premium of about 3s. 4d. per share. Both institutions had been doing active business, the profits of the Colesberg Bank during the preceding year being equal to 25 per cent. of its capital.

By the middle of the year 1863 the Bank was organised in South Africa as follows :—

STANDARD BANK, BARBERTON, TRANSVAAL, 1895

Head Office. Main Street, Port Elizabeth.

Local Directors.

JOHN CAMPBELL, Esq., C.C. (Chairman).
J. S. KIRKWOOD, Esq.
D. P. BLAINE, Esq. (of Blaine & Co.).
W. S. CRAIK, Esq. (of Alexander Croll & Co.).
ROBERT H. BLACK, Esq. (of Black & Co.).

Manager.—JAMES TUDHOPE.

Grahamstown. *Local Directors.*

Hon. GEORGE WOOD. H. HUDSON, Esq.
Hon. ROBERT GODLONTON. J. C. HOOLE, Esq.

Manager.—THOMAS HOLLAND.

Colesberg. *Local Directors.*

HENRY GREEN, Esq., C.C. C. W. MATHEWS, Esq.
THOMAS DRAPER, Esq. R. A. GREEN, Esq.
PETER THOMSON, Esq.

Manager.—GEORGE THOMSON.

Durban. *Local Directors.*

JOHN BROWNE, Esq. HENRY MILNER, Esq.

Manager.—JAMES ALEXANDER.

Uitenhage. Manager.—THOMAS WARDLE.

Victoria West. Manager.—J. C. CHASE, Junr.

Humansdorp Agency.
Manager.—ROGER METELERKAMP.

Zuurbron Agency.
Manager.—W. S. G. METELERKAMP.

On the 19th August, 1863, the following gentlemen met by invitation of Mr. John Paterson to form a local Board of Directors at Cape Town :—

W. J. Anderson.	James Murison.
William Berg.	John Shepherd.
G. S. Holmes.	John Spence.
Thomas Jones.	

These Directors were appointed for two years, and to the Cape Town Board was assigned the control of Cape Town Branch and the supervision of other Branches in the Western Province.

It is interesting to observe that in the instructions laid down by the Bank's Chairman for the guidance of the local Board it was stated that it was the principle of the Standard Bank to become more or less a national bank of South Africa, and so to have Branches in all the chief towns of the country. £100,000 was to be regarded as capital assigned for the use of Cape Town Branch ; Mr. George M. More was appointed Manager, and Messrs. Fairbridge & Hull, Attorneys and Notaries for the Bank. The premises of Mr. Cairncross in Adderley Street were secured on a ten years' lease, and discounting proceeded so promptly that it is recorded that some of the bills had to be held over for a time pending receipt by the Branch of funds.

Overtures for amalgamation were made by the Cape Town Board to the Wellington Bank, the

Worcester Commercial Bank, Caledon Bank, Swellendam Bank, and the Beaufort West Bank. Negotiations with the last-mentioned Bank were successfully carried through, and it became a Branch of the Standard Bank on 6th April, 1864. The Worcester Commercial Bank found themselves unable to treat owing to a legal difficulty, and the overtures to the other institutions were declined.

Under authority of the Cape Town Board, and at the request of the mercantile community of Mossel Bay, a Branch was opened at the latter place in November, 1863, under the direction of:

Messrs. J. Vintcent, J. F. Hudson,
C. A. Vreede, J. A. Muller,
and Nicolaas M. Meyer.

Other local Boards were subsequently formed at Middelburg, Burghersdorp, Victoria West, Uitenhage and King William's Town.

Further reference is here necessary to the position of the Bank's capital, originally fixed at £1,000,000 in 10,000 shares of £100 each, with power to increase to £2,000,000. In the first instance 5,000 shares only were issued, and as funds were needed and the shares were already at a premium, the Board decided to issue the second half of the original capital by offering the shares to existing proprietors at a premium of £2 per share, and it was intimated that no further calls would be made on the first issue until the

deposits and calls on the second issue amounted to £12 per share, exclusive of the £2 premium.

By virtue of the Articles of Association also, a third issue was made of 5,000 shares with £25 paid-up to be exchanged for those of the Colonial Banks which were being absorbed. This, however, did not suffice, as 4,444 shares were needed for the Commercial Bank shareholders alone, and on 15th July, 1863, an Extraordinary General Meeting was convened in London to ratify a further increase of the capital from £1,500,000 to £2,000,000 by the issue of 5,000 additional shares of £100 each.

On the 2nd October of that year the First Ordinary General Meeting of Shareholders was held, at which Mr. John Paterson, who had by that time returned from the Colony and occupied the chair, reported that success in every respect had accompanied the Bank's proceedings. The preliminary expenses had been kept at a very low figure, and few institutions with a capital of £2,000,000 could boast of having been started for a preliminary expenditure of £2,200, as appeared in the Balance Sheet.

This statement of the Chairman appears to have been particularly opportune, inasmuch as public criticism had been directed to the heavy promotion money paid in respect of many of the new Banking institutions formed in that and the preceding year. The *Bankers' Magazine*, however, remarked that

"The Standard Bank of British South Africa and some others were starting without this element."

STANDARD BANK, BEIRA, PORTUGUESE EAST AFRICA

At the meeting above referred to, a dividend of 6s. 9d. per share, viz. at the rate of 12 per cent. per annum, was declared, and the sum of £10,000, representing premiums on the second issue of shares, was placed to Reserve Fund.

In April, 1864, the Second Ordinary General Meeting of the Bank took place in London under the Chairmanship of Mr. John Paterson, when the Report and Balance Sheet for the six months ended 31st December, 1863, were submitted. The prudent policy of the Bank's Directors, who at the previous meeting had initiated a Reserve Fund, is further borne out on this occasion by their recommendations to the proprietors. It was shown that net profits aggregated nearly 15 per cent. but the Directors only proposed payment of a dividend at the rate of 10 per cent. per annum, the difference being carried to Reserve and Suspense Accounts, and used in writing down preliminary expenses, and an item of £39,000 odd which stood at debit of Amalgamation Account. The meeting was subsequently reconstituted as a Special General Meeting to consider a proposal for further increasing the capital of the Bank from two millions to three millions by the issue of 10,000 new shares of £100 each, and, in explanation of the Board's policy, the Chairman stated that the time had arrived when further capital was necessary in the interests of the Bank. There were two modes of obtaining such capital, the one by calling up more

money from the existing shares ; the other by issuing new shares ; but it was thought better to keep the amount paid up on the original shares at £25—one-fourth the nominal amount—and to raise the additional capital by a further issue upon which the same amount of calls would be made. This would raise the total amount of paid-up capital to £750,000, which, or even a much larger amount, he believed they could use profitably in increasing the business of the Bank, but he believed their deposits would increase so as to render any further calling up of capital unnecessary.

It is evidence of the public confidence in the institution that the original shares were selling at the time at £13 premium, and it was resolved to issue the new shares to existing holders on the basis of a premium of £6 per share, the aggregate premium to be placed to credit of Reserve Fund.

CHAPTER II.

THE HISTORY OF THE STANDARD BANK FROM 1864 TO 1869.

On 10th November, 1864, an Extraordinary General Meeting was called for presentation of the Accounts for the half-year ended 30th June, 1864, and it was decided in future to hold half-yearly instead of annual meetings of shareholders.

On this occasion, although the Directors were in a position to declare a dividend of 10 per cent., they recommended the distribution of 8 per cent. only and the placing of £8,100 to Reserve Fund, thus bringing the latter up to £20,000. It was noteworthy that the Chairman, Mr. John Paterson, represented the Bank as making most satisfactory progress in the Colony, although something like a crisis was occurring in England. This, it will be remembered, was brought about by the stoppage of the Lancashire Cotton Mills as a result of the American Civil War and the reaction from a period of inflation and excessive speculation.

The Board, however, were not entirely satisfied with

the control of the Bank's business in South Africa, and early in 1865 they sent out Mr. Robert Stewart to assume the position of General Manager.

Mr. Stewart had received his training in the Bank of Scotland and the National Provincial Bank of England, and in the latter institution held the position of Manager of the Cardiff Branch when he was selected at the request of the Standard Bank for service in South Africa. He arrived in the Colony in February, 1865, in time to take control during what proved to be the most critical period of the Bank's history. Mr. Stewart is well remembered by the older merchants and business men in South Africa. The work that he did for the Standard Bank is well known and speaks for itself. In the words of one who had the privilege of serving under him and who afterwards himself became a distinguished General Manager in the Bank's service, Mr. Stewart is described as "a born banker and a consummate organiser and man of business."

Before time permitted him to get a grip of things the next Half-yearly Meeting of the Bank took place, viz. on the 21st April, 1865, again under the Chairmanship of Mr. John Paterson. On this occasion, although net profits of 12 per cent. were available, the Directors adopted the prudent policy of distributing only 8 per cent., while £36,000, the major portion of which represented premium on the last issue of new shares, was placed to Reserve Fund,

STANDARD BANK, BEIRA (ANOTHER VIEW)

bringing the latter up to £56,000, and £2,200 was appropriated to Amalgamation and Preliminary Expenses Accounts.

It is noteworthy that the Directors in their Report on this occasion strongly recommended that the policy of strengthening the position of the Bank by rapid and successive additions to Reserve Fund be continued, and they added that experience had satisfied the Board that only those institutions would at all times command the public confidence which in their prosperity reserved a considerable portion from their net profits whereby speedily to build up such accumulated funds as would constitute an ample guarantee of safety as well to constituents as to depositors. The wisdom of this policy was strikingly borne out by the events of the next few months.

The Chairman called attention at this meeting to the new Cape Stamp Act, passed in the year previous, by which a licence of 1s. per cent. was imposed for every £100 of the subscribed capital of Joint-Stock Companies carrying on business in the Colony.

The Bank made representations as to the inequity of taxing capital which was only intended to be called up in the event of liquidation and was merely provided as security to the public. The Bank, in fact, paid this tax on the total subscribed capital of £3,000,000 instead of on the amount of £750,000 actually paid up, and in view of the unfairness of the impost, and having regard also to representations

on the part of certain shareholders as to the heavy liability on the shares, the Directors submitted a proposal to the meeting to re-register the Company under the title of "The Standard Bank of British Africa, Limited," with a capital of £1,000,000 in 40,000 shares of £25 each, on which £10 would be paid up; in other words, that the paid-up capital should be two-fifths and the liability of shareholders three-fifths.

This resolution, though favoured by the meeting, was never actually carried into effect owing to technical difficulties of a legal character and to subsequent events rendering it desirable that the reserve strength of the Bank should not be impaired.

Read in the light of such subsequent events, Mr. Paterson's speech at this meeting of shareholders was clearly optimistic as to the position and prospects of the Bank. It is evident that the local Boards, who were responsible for the business in South Africa, had failed to advise the Directors in London as to the real trend of events, for within a few months later a commercial crisis supervened, and the Bank's General Manager, Mr. Stewart, writing from Port Elizabeth, where the brunt of it had been experienced, reported that it would be necessary to make provision for bad and doubtful debts, estimated at £40,000. In Cape Town, Natal and the Free State losses were immaterial, except at Smithfield, which suffered through the war with the Basutos.

At the ensuing Half-yearly Meeting of Shareholders on the 24th October, 1865, Mr. Thomas Stenhouse occupied the chair. It was found necessary to transfer £30,000 from Reserve (standing at the time at £56,000) to help in providing for the half-year's losses, and in enabling the payment of a reduced dividend at the rate of 5 per cent. per annum.

It was notified at this meeting that certain alterations suggested by experience were being made with a view to concentrate the management, and further, that the seats of three Directors, Messrs. John Paterson, James Black and William Duthie, had become vacant since last meeting, and had been filled by the election of Messrs. G. C. Frames, Alexander Cowan and William Neish.

As an indication of the severity of the crisis, it was admitted that the overdue bills amounted to £133,000, though there were collateral securities which would reduce the actual loss to £41,000, and this amount had been written off as bad. It was further reported that almost immediately after Mr. Stewart arrived in the Colony he discovered that the affairs of the Bank had been mismanaged by some of the local Boards. A great deal of improper bill accommodation had taken place, and the first thing he did was to shut the door against all transactions of that sort. It was also brought out that some of the local Directors in the Colony had actually no share holding in the Bank.

A word or two should be said here with regard to the circumstances which had brought about the commercial embarrassments at the Cape, resulting in the losses above referred to.

The abundance of money and the active speculation in London in the early sixties had resulted in the transfer to South Africa of a large amount of new capital which, combined with that of the new Banks, was, it is to be feared, employed too much in stimulating speculative enterprise in the Colony rather than in assisting production. The debit balances in Great Britain of Cape firms were cleared off by remittances purchased largely with the proceeds of accommodation paper, with the result that the Home firms were inspired with renewed confidence. This in turn resulted in fresh shipments to the Cape, and merchants there became much overstocked.

Mr. L. L. Michell (now Sir Lewis Michell), who arrived in the Colony in 1864, thus described the business conditions :—

"I found the Eastern Province strenuously striving for prosperity under the disadvantage of a system of unlimited credit. Private persons ran accounts with their tradesmen for all the necessaries of life, and payment, which was at rare intervals, took the delusive form of promissory notes, frequently renewed.

"Retail dealers, in their turn, gave six months' acceptances to the merchants and the latter fell back on their Home supporters. Everybody took and gave credit, bad debts were common, and prices therefore ruled high."

STANDARD BANK, BLANTYRE, NYASALAND

There had also been drought in several districts, more especially Grahamstown. There was war in the Free State with the Basutos, and a good deal of unrest with other Natives along the Eastern border. Cape shippers had for some time past sustained losses in London through unprofitable transactions in wool, the value of which had seriously declined owing to a change in fashion, resulting in a demand for long wool as compared with the short grown staple produced by Cape flock-masters. As the *Mark Lane Express* put it, an extraordinary change had taken place in the wool trade by virtue of which the long and short wools had changed places, the former had advanced and the latter receded, the change being ascribed to the introduction of Alpaca or Llama wool from Peru.

Shippers had also suffered by wool being shut out of the American market through the Civil War. It is to be feared, however, that trade generally was seriously overdone, and country storekeepers were much in arrear with their accounts. Credit gradually became more and more shaken and ultimately collapsed.

Soon after the crisis supervened, Mr. John Paterson proceeded to Port Elizabeth in connection with the affairs of his firm, Paterson, Kemp & Co., and it says much for Mr. Stewart's business methods and courage in his devotion to the Bank that, realising their position, he refused the firm extended facilities, and they went into liquidation.

It should be mentioned that subsequent to Mr. Paterson's resignation from the Board, it was decided that the Chairman and Deputy Chairman should alternate each month. Subsequently this arrangement was extended so that each Director in succession took over the duties of the chair for a week at a time. This principle, which has worked excellently, is still carried out.

The year 1866 stands out in financial history as a year of convulsion, when the whole fabric of credit was shaken to its foundations. Complications in the financial world have occurred at various intervals since then, but nothing on a scale approaching the crisis of 1866.[1] It is chiefly associated, of course, with the suspension of the world-renowned firm of Overend & Gurney, but a number of Banks, including some of those newly established under the Limited Liability laws, suspended payment, and the experience of those who had to make good their liability in respect of the uncalled portion of their share holdings led to repeated discussions at shareholders' meetings. Shareholders of the Standard Bank, however, after full consideration, and in deference also to representations from the General Manager at the Cape, finally decided to refrain from altering the nominal value of the Bank's shares or the amount paid up.

It was perhaps in keeping with the prevailing financial unrest in London that the Bank's Directors

[1] It will be remembered that this *History* was written in the latter months of 1913.

declared themselves unable at their Meeting in April, 1866, to recommend the payment of a dividend, and in this respect the accounts represent the only blank year in the Bank's history. It is true that the embarrassments which brought about this unfortunate situation were precipitated in the preceding year, but their full effect was only beginning to be experienced. A further £16,000 had to be drawn from the Reserve Fund, leaving the latter at £10,000 only. Doubtful outstandings in South Africa had deteriorated, so that, of the total of £133,000 figuring as past due bills, £73,000 instead of the £41,000 mentioned the previous half-year had to be estimated as bad, but this had been provided for out of profits and Reserve, without the loss of a penny of the Bank's capital. The Bank had undoubtedly been nearly on the rocks when Mr. Stewart arrived, and the Board frankly acknowledged that it was due in a large measure to his judgment, firmness and prudence that the position had been retrieved. His efforts were henceforth directed to reorganisation, and at the instance of the Directors in London, Mr. Stewart proceeded either to dispense with the local Boards of Management altogether, or to place them on a more satisfactory footing.

The Bank's chief losses had occurred at Port Elizabeth and Colesberg, where the business of the Commercial Bank of Port Elizabeth and the Colesberg Bank had been taken over. These had in their day

been reputedly well-managed concerns, but it is to be feared that at the date of fusion with the Standard Bank their books harboured various inflated accounts which a strict scrutiny should have disclosed. At Colesberg, losses were incurred by the Standard Bank which exceeded the entire capital taken over from the Colesberg Bank, and the account of one firm alone left legacies of trouble which it took twenty years to eliminate entirely from the books.

At Port Elizabeth, speculation in wool had been rampant, and the local Directors were apparently less vigilant in their supervision after amalgamation had taken place. Some of them also had made the Bank's interests subservient to their own, with disastrous results to the institution. Apart therefrom there had been friction between the various local Boards. It had been laid down for their guidance in relationship to other Branches as regards charges for Agency accommodation, etc., that Branches were to act as separate institutions, each confining itself to its own allotted capital. On one occasion, when the Port Elizabeth office needed funds, they endeavoured to raise £10,000 by selling thirty days' sight bills through outside agents in Cape Town at a lower figure than the ruling rate of the Cape Town office. On another occasion complaint was made to London by the Cape Town Branch that the Port Elizabeth Branch were drawing on the Cape of Good Hope Bank on

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the plea that they were accorded better terms by that institution than by the Standard Bank's own Branch! The Board in Cape Town, in turn, demurred to having to refer to Port Elizabeth as the chief office in the Colony, stipulating that in all matters connected with the Bank in the Western Province, the Cape Town Board should decide, and while willing to defer to the Directors in London in no case would they take instructions from Port Elizabeth! There were also differences between the Board in London and the Directors in South Africa with regard to certain staff appointments. It had thus become more and more evident that with the Bank's extensive ramifications, it was necessary for proper organisation, and with a view to unity of purpose and action, that all authority in South Africa should proceed from one centre.

The London Board had also not been entirely satisfied with the nature of the information they had been receiving from Port Elizabeth, and as mentioned elsewhere, had decided to send out Mr. Stewart some time before the crisis in the Eastern Province developed.

The shareholders and the public naturally looked to the London Directors as the supreme governing authority to safeguard their interests, and as the Bank's involvements became disclosed, resentment and alarm were evinced at the extent of its commitments and the lax office supervision which, especially

at Port Elizabeth, had permitted the London Directors to remain uninformed of much that had been happening. Hence the decision to terminate the multiple control which had rendered such a state of things possible.

In South Africa, Mr. Stewart has sometimes been credited with the initiative in this matter, but as a fact the Directors had furnished him with over thirty Powers of Attorney for use in individual cases should emergency arise, and the idea prevailed in London that he was slow in putting the Board's emphatic instructions into effect.

There were important interests at stake, however. His appointment in itself was naturally distasteful to those constituting the local Boards, who represented that it would lead to the retirement of many of their members and cause the withdrawal of a large portion of the existing business of the Bank. This, of course, it was desired to avoid. Nevertheless, Mr. Stewart very tactfully, but equally firmly, made it clear that such of the local Boards as continued in existence were essentially to be deliberative bodies only, and that in any case *where they differed from the local Manager of the Bank*, the points at issue were to be referred to himself as General Manager. Further, that in all matters of business personal to local Directors themselves, they were to be subject to the same rules or restrictions as other customers of the Bank.

In view of the changed relations in which they thus stood to the local Managers as well as to the General Manager, it was not surprising that the local Directorates gradually lessened their active interest in the Bank's affairs and finally ceased to exist.

The history of the last half of the decade may be summed up in relatively few words. The period 1866 to 1871, inclusive, represented essentially lean years. It was a time of comparative inaction following the exciting commercial speculation from which the Bank had so badly suffered. It was recognised that mistakes of management had been committed, but with the experience gained, and the concentration of control provided for under a General Manager, these mistakes were not likely to recur. From the point of view of shareholders, it was a period of weary waiting for adequate dividends. Distributions at the rate of 4 per cent. per annum were, however, maintained in half-yearly payments during this period, and the Board had at least the satisfaction of being able conscientiously to assure shareholders that these dividends were honestly earned and did not represent fictitious profits accruing through inflated and risky business. In addition, a few thousands were added to Reserve, until, in 1868, it was decided to write off the amount standing at Amalgamation Account by appropriating the balance of the Reserve Fund. Amalgamation Account including preliminary expenses, amounted at one

time to £41,805, but had been partially written down by appropriating thereagainst the value of surrendered and forfeited shares. The shareholders cordially approved the elimination of the item from the Bank's Balance Sheet.

With regard to the forfeited shares, it should be explained that these came into the hands of the Board in consequence of certain parties who were debtors to the Bank having handed them over as collateral security. These parties had either become insolvent or had abandoned their shares over which the Bank had a lien under its Articles of Association. The Board took the view that it would be much to the benefit of proprietors if these shares were cancelled, thereby obtaining the two-fold advantage of reducing the amount on which dividend was paid and enabling the Board to apply the value of the shares in reduction of the Amalgamation Account which had long been an eyesore.

As previously stated, on one occasion only in the history of the Bank, viz. for the half-year ending December, 1865, were the Directors unable to recommend the payment of any dividend. Similarly, on one occasion only, viz. for the half-year ending June, 1868, had a Balance Sheet appeared with nothing at the credit of Reserve Fund, which has otherwise been jealously sustained as one of the towers of the Bank's strength. The following half-year a fresh start was made, however, and while

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adhering to the small dividend of 4 per cent. per annum, the sum of £11,000 was placed to Reserve, made up almost exclusively from the equivalent of a further number of forfeited shares. By the acquisition of these and their cancellation, the paid-up capital of the Bank became gradually reduced to £408,320 in 1871.

The difficulty of earning an adequate dividend during these years of depression led not unnaturally to suggestions for bringing about an amalgamation with the London and South African Bank, and although shareholders and Directors of the Standard Bank apparently favoured the project, and it was much discussed, there was evident reluctance on the part of the other institution to fall in with the idea and it had to be abandoned.

In 1867 the Bank acquired its own premises in Clement's Lane, London. It started in Moorgate Street, and afterwards moved into an office at 101 Cannon Street, opposite the present railway station. The premises at 10 Clement's Lane, which have since been several times materially enlarged, and now extend back into Nicholas Lane, accommodate at the present day a staff of 163, but at the time they were taken over from the Liquidator of an Indian Bank they were considered palatial for the Standard Bank's small staff in London.

Although the closing years of the sixties embraced a period of severe depression, when Half-yearly Reports were monotonous in regard to stagnant

trade, unrealisable securities, and long deferred hopes of improvement, they were in reality most important ones in the history of the Bank, for it was during that period that the foundations were well and truly laid of the splendid superstructure which has since arisen. Mr. Stewart had undoubtedly a difficult and uphill task, but his good judgment and remarkable powers of organisation served him in good stead. Doubtful accounts were carefully nursed, liquidations judiciously controlled, public confidence was inspired in his judgment and administration, rules of business routine were remodelled, the loyalty to him of the staff became assured, and a spirit of *esprit de corps* cultivated among the officers which could not fail to redound to the Bank's advantage. Further evidence of the growing favour in which the Bank was held was furnished by the acquisition of the Imperial Commissariat Account.

One of Mr. Stewart's earliest steps was to arrange for the efficient periodical inspection of the Bank's Branches. For this purpose, with the approval of the Directors, Mr. H. C. Ross was appointed "Inspector of Branches under the direction of the General Manager." Mr. Ross had been Manager of the Pietermaritzburg Branch of the London and South African Bank, and on joining the Standard Bank intermitted inspection duty by relieving Mr. Stewart during the latter's occasional visits to Branches and to Europe.

CHAPTER III.

THE HISTORY OF THE STANDARD BANK FROM 1870 TO 1879.

THE new decade opened with some symptoms of improvement in South African business, the Basuto disturbances which had so long injured trade in the Free State and caused unrest elsewhere, had subsided, and the speech of the Chairman, Mr. G. C. Frames, at the Bank's meeting in April, 1870, had something of a prophetic ring. The improvement was at first slow, but in Mr. Frames' opinion, it was likely to become more rapid than was expected, and he foreshadowed the "Cape Colony in the course of two or three years assuming its old position as a prosperous and well-to-do country." It was shown that the Bank's "Lock-ups" had been reduced during the previous six months by £50,000, and a further reduction of £20,000 was anticipated in the ensuing half-year. As Mr. Frames remarked, "seven years is a long time to receive such a moderate dividend (4 per cent.), but seven years in the history of a Bank is not a long period, especially for this

Bank, considering that the Cape has gone through a series of unexampled disasters during that interval. Perhaps if we were able to look back a decade, we would see that the Bank had not been a mistake in its inception or subsequent history."

The discovery and development of the Diamond Fields was, of course, the main factor in the rapid expansion of South African business which was the great feature of the seventies, but although diamonds gave the stimulus, there had been preparation for this improvement in the long years of depression during which business had been reconstituted on a sounder footing. The country was thus ripe to take advantage of its developing mineral wealth. Wool exports and the natural resources of the country were simultaneously increasing, and as trade improved, the process of reduction of the Bank's old outstandings proceeded at an accelerated rate. In what remained to be accomplished the Bank was materially assisted by its increasing profits and the rising value of all descriptions of Cape property, and so in October, 1871, it was at last possible to declare a slightly improved dividend, namely, at the rate of 5 per cent. per annum, and to place £4,000 to Reserve.

The year 1872 is noteworthy for the starting of the Donald Currie Line of steamers to the Cape. There was also a change of policy on the part of the Imperial Government in the direction of expanding rather than contracting its responsibilities, and this was

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illustrated by the annexation of Basutoland and the desire to annex the Diamond Fields. This augured well for the future, as every additional tract of country brought under sound laws and good government could not fail to benefit other portions of the country.

In 1873 the Bank's staff received a notable accession in the person of Mr. L. L. Michell, who had been for nine years in the service of the London and South African Bank, for the last six of which he was Manager of their Port Elizabeth Branch. He had resigned his post owing to his efforts to acquire business being inadequately supported by that institution. Mr. Robert Stewart was at the time in England, but it says much for his foresight and judgment that he had regarded Mr. Michell's resignation as inevitable, and when the latter in a business interview with Mr. H. C. Ross, who was acting as General Manager of the Standard Bank, incidentally announced his intention to return to England, he was not a little surprised by Mr. Ross tossing across the table a letter written some time previously by Mr. Stewart offering him the management of the Standard Bank's Branch at Port Elizabeth. Mr. Michell accepted the offer, and filled the post for eight years until his promotion, with much credit to himself and satisfaction to the business community.

In 1870 the Bank acquired the premises it had been leasing since 1864 in Adderley Street, Cape Town. The premises had been originally well

planned for banking use, and served their purpose for the ensuing twelve years, until business outgrew the accommodation, when the Bank moved into its present building on the opposite side of Adderley Street. The old property was then well let for some years, and ultimately disposed of to advantage in 1893.

In Port Elizabeth, in 1874, a site was acquired and a substantial building erected thereon, but this proved inadequate for the Bank's growing business, and in 1878 an adjoining site was purchased and the accommodation duplicated. These premises, which at that time also provided accommodation for the General Manager's staff, still serve the purposes of the local Branch.

Early in the "seventies" there was a notable drain of specie to the Diamond Fields, and the public and Banks felt the scarcity of coin somewhat acutely. Some of the local institutions lost heavily in deposits, and were so crippled that their ultimate liquidation became inevitable. The Natives on the Fields would take nothing but coin, the diggers, on the other hand, preferred Notes, and Standard Bank Notes in particular became very popular. In the early days, the several Branches issued their own Notes, which although freely cashed subject to convenience and for a commission were, of course, only redeemable at the Branch of issue; the reason for this being the great difficulty and risk of supplying

specie to distant places in response to sudden calls such as might be entailed by the presentation of a large number of Notes of other Branches.[1]

The demand for currency at this time became so great that to meet pressing emergencies several Branches were supplied with Notes of Colonial manufacture, but as soon as possible these were withheld from further circulation and treated as unissuable.

It is a testimony to the position which the Bank had by this time acquired in South Africa that its Statements published under the Cape Act showed the Standard Bank as holding more than half the coin in the country. Its capital was fully employed. Further prestige accrued by its appointment at the close of 1875 as sole Bankers to the Government of the Cape Colony under arrangements formally sanctioned by the Cape Parliament. This appointment the Bank continued to hold until the absorption of the Colony into the Union in 1910, since which

[1] One of the chief difficulties which had beset the Bloemfontein Bank prior to the expulsion of the Standard Bank from the Free State (referred to hereafter) had been the dearth of specie and the refusal of the Standard Bank's local Branch to pay coin at par for Notes of other Standard Bank Branches which came into the Bloemfontein Bank's hands.

In 1874 the means of inland communication, largely owing to the demands of traffic with the Diamond Fields, so far improved that it was recognised that the profits accruing to the Bank from commission on encashment of Notes of other Branches were comparatively trifling compared with the advantages of the Bank's general circulation, and it was decided to accept all Notes free of charge irrespective of place of issue.

date it has been the Bank of the Government of the Union in the Cape Province.

In 1876 Mr. Robert Stewart was transferred to London, and in this connection it should be mentioned that on the Bank's establishment in 1862, the post of Secretary was temporarily filled by Mr. R. Slater, but Mr. W. F. Searle was ultimately appointed and served to the satisfaction of the Directors until his death in 1875. Mr. George F. Player then succeeded to the post, but his health was indifferent and compelled him to resign in 1879. Some time before this the Directors realised that the Bank's increasing responsibilities rendered it desirable that they should have at hand the best possible advice, more particularly in regard to the new business which it was entertaining consequent upon the rapid expansion of Colonial trade, and Mr. Stewart's transfer to London was thereupon arranged. Shortly after his arrival he was given the title of "Chief Manager," and subsequent to Mr. Player's resignation, Mr. Henry Frost of the General Manager's Department in Port Elizabeth, was also transferred to London and became Secretary, Mr. John Chumley being Manager of the London Office.

In his valedictory circular to Branches invoking on behalf of his successors in office the same willing service which had been accorded to himself, Mr. Stewart emphasised the anxieties devolving on a

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General Manager in his triple duty to the Bank, the public and the staff, and added:

"On looking over my career as General Manager, I feel that I owe much to the hearty co-operation of my colleagues in office, and it affords me much pleasure to put this expression of thankfulness to them on record here.

"Though my future sphere of service will be distant from South Africa, this will not lessen my interest in the Institution, with which I will still be intimately connected. Neither will mere distance from this country in any way affect my interest in the personal welfare of every officer in the service."

In succession to Mr. Stewart, Mr. Gilbert Farie and Mr. H. C. Ross were appointed Joint General Managers at Port Elizabeth. Mr. Farie had been Manager at Bloemfontein and subsequently at Grahamstown. Mr. Ross was "Inspector of Branches."

Within a year or two after Mr. Stewart's return to England two developments of special interest to the staff have to be recorded—the establishment of a Pension Fund and of a Widows' and Orphans' Fund. The former had been much discussed, but was deferred until the profits and position of the Bank appeared to justify its initiation. Its creation was recognised as in the best interests of the Bank as well as of the staff, as officers who had served sufficiently long to become useful to the Bank would not be likely to sever their connection with the institution for some temporary advantage elsewhere if they thereby forfeited their right to pension on

retirement. The Bank's contributions to this Fund are based on actuarial advice as to its periodical needs.

The Widows' and Orphans' Fund was established on a contributory basis with periodical subsidies from the Bank. Sufficient time has elapsed to judge of the practical working of both these Funds, and the respective Trustees as well as the staff are to be congratulated upon their business-like working and beneficent results.

Several of the local Banks disappeared during the "seventies," *e.g.* The Agricultural Bank, Queenstown, drifted into difficulties through launching out beyond their capital limitations, chiefly in diamond transactions. They had heavy liabilities to the Standard Bank, but their proprietary was sufficient for the deficiency.

When they closed doors in 1872 (July) the Standard Bank opened a Branch at Queenstown.

The Albert Bank at Burghersdorp was taken over on 1st January, 1874, the Standard Bank making them a return of £2 18s. 10d. per share, subject to guarantees for due payment of any doubtful assets.

On the same date the Fort Beaufort and Victoria Bank, with Branches at Fort Beaufort and Adelaide, was taken over, their premises at these places being acquired at a valuation (£7,500), but the liquidation of the assets being otherwise left entirely in their own hands. Nothing was paid for goodwill in either

of these two cases. The respective staffs entered the service of the Standard Bank, and the Manager of the Albert Bank, Mr. Selkirk Stuart, became Manager of the Standard Bank's Burghersdorp Branch; subsequently his son and two grandsons also entered the Bank's service.

The business of the Caledon, Malmesbury, and Swellendam Banks was also taken over by the Standard Bank. The Swellendam Bank had got into difficulties owing to heavy commitments with a local firm whose affairs developed disastrously and of whose bills the London and South African Bank alone held £28,000. The three Banks above-named were absorbed on more or less the same basis, *i.e.* on date of transfer the Standard Bank adopted their fixed and floating deposits and Note circulation against funds handed over to meet such liabilities. Such of their bills as appeared undoubted were discounted by the Standard Bank at an agreed rate and the balance retained as Bills for Collection. Their premises were taken over at a valuation by the Standard Bank and their staff entered the latter's service.

The most important consolidation of Banking interests, however, occurred on the disappearance of the London and South African Bank, to whose waning business and ultimate absorption by the Standard Bank special reference is made elsewhere.

On the other hand, the beginning of 1873 witnessed the advent of the Oriental Bank, though there was

some doubt as to whether in opening in South Africa they had not gone beyond the terms of their charter which restricted their operations to places "Eastwards of the Cape of Good Hope." At any rate, they did not open in Cape Town itself, nor did they issue Notes.

They opened Branches in several towns in Cape Colony and Natal, and took over the South African Central Bank at Graaff-Reinet. Assisted with advice by Mr. John Paterson, they pushed business for a time with considerable activity and often on remunerative terms. They had difficulty, however, in finding men of experience qualified to take charge of their Branches. Early in 1878 losses in South Africa simultaneously with adverse features in their last general balance sheet began to affect their credit, and in 1879 news was received in South Africa that the Oriental Bank would pay no dividend for the previous year, and would have to apply the whole of their reserves, £325,000, to meet heavy losses in India. This information had a disturbing effect on their customers, many of whom began to remove their balances to other institutions, especially to the Standard Bank.

Assistance was proffered by the latter to the Oriental Bank should need arise, and a partial run on them at Kimberley actually occurred, but they were enabled to issue Standard Bank Notes which were readily taken up by their customers.

STANDARD BANK, ELISABETHVILLE, BELGIAN CONGO

Towards the close of the year 1879 the formation in London of the Bank of Africa, Limited, was announced for the purpose of acquiring the business in South Africa of the Oriental Bank. In the interval which elapsed before the new institution started business, considerable further assistance was rendered by the Standard Bank to the Oriental Bank in paying the latter's Notes and supplying them with Standard Bank Notes against their exchange on London.

Early in 1877 the Transvaal was annexed by the British Special Commissioner, a step destined to have far-reaching effects on South African affairs. The event had been anticipated for some time, and Mr. Rees Williams, then an Assistant Inspector, was held in readiness to proceed to the Transvaal and establish Branches of the Bank as soon as British authority was proclaimed. He opened at Pretoria on 16th May, 1877, and Branches were subsequently established at Lydenburg, Potchefstroom, and Heidelberg. Business developed on a considerable scale, and the annexation had for a time an especially good influence on trade in Natal. The Banking account of the new Transvaal Government was entrusted to the Standard Bank, which made important advances to the Imperial representatives in connection with the development of the country. The only other Banking institution then represented in the Transvaal was the Cape Commercial Bank, whose

credit, however, had at that time become much impaired.

Although the closing, compared with the opening, years of the decade showed an enormous expansion of business, the period was not one of continuous progress. Checks incidental to drought, disturbances by various Native border tribes, also by the Basutos, and in Zululand, entailed losses which, coupled with a reaction from excessive speculation in diamond interests and the decline in price of the stones themselves, led to a great commercial depression. A serious fall in the value of wool also caused losses to country storekeepers and merchants. These were, however, but temporary phases in an otherwise prosperous period of trade. Ostrich farming, then a comparatively new industry, was much favoured and promised to become most remunerative. By the year 1879 some 650 miles of railways had been completed, 3000 miles of telegraph wires laid, and arising from the Zululand disaster a contract had been entered into for laying a submarine cable.

The Bank had at this time forty-three Branches open for business, and of the total amount of £1,057,000 held in specie in Cape Colony, the Standard Bank coffers alone contained £703,000. It held an undoubtedly sound position, and was doing a large and profitable business.

A few figures will serve to illustrate the re-

markable progress made by the Bank during the "seventies."

The Reserve Fund was increased from £6,000 at 31st December, 1870, to £335,000 in 1879.
Deposits increased from £504,000 to £5,133,000.
The Bank's Loans to the public increased from £1,370,000 to £6,070,000.
The distribution to shareholders increased from 4 per cent. to 16 per cent. per annum.

Apart from liberal additions to Reserve, the Bank's accumulating funds enabled it in 1872 to show investments for the first time in its Balance Sheet, viz. £110,000 in Consols and Colonial and Foreign Stocks, while in 1874 it was notified that with the greatly extended and increasing business the Board considered the time had arrived when further capital could be advantageously employed in carrying on business in South Africa. Certain calls were made with the view of equalising the value of the old and new shares, and other shares which had been forfeited some years ago and written off Capital Account were reissued and disposed of, bringing the paid-up capital of the Bank in all to the sum of £500,000. In the following year this amount was further increased to £600,000 by the sale of an available balance of 4,000 shares, of which 3,150 were taken up in England and 850 in South Africa.

It should be mentioned that during the period

under review the Standard Bank's list of shareholders showed it to be a more purely local institution than any other Bank in South Africa in so far that its local proprietary element was greater than that of any two other Cape Banks put together.

OFFICERS' QUARTERS, ELISABETHVILLE, BELGIAN CONGO

CHAPTER IV.

THE STANDARD BANK IN THE ORANGE FREE STATE.

Among other places to which the Bank extended its operations at the outset of its career was the Orange Free State, and as the history of the Bank in that State presents some unusual features, it will be expedient to devote a separate chapter to it even at the cost of anticipating to some extent the natural sequence of events. In the first instance, the Bank had Branches at Bloemfontein, Fauresmith and Smithfield. At Bloemfontein another institution, the Bloemfontein Bank, had been established for some time previously, and many of the older residents were interested in it as shareholders. In the natural course of business considerable quantities of Bloemfontein Bank Notes fell into the Standard Bank's hands, but on these being presented for payment no specie was obtainable, and the Standard Bank had to accept bills instead. These bills gradually increased until early in 1865 they amounted to over £10,000. Such a state of things could not, of course, continue indefinitely, and the Standard Bank

began to apply pressure, when a novel way of relieving themselves of their rival occurred to the Directors of the Bloemfontein Bank. Two memorials to the Volksraad antagonistic to "Foreign Banks" were prepared, one signed by the Directors of the Bank, and another in which their names appeared as individuals, followed by those of their employees and others. These were presented to the Raad and supported by a member who was also legal adviser to the Bloemfontein Bank, and who made a rabid speech on the occasion. His principal representations were that the Standard Bank was a limited liability company, and therefore, there was no security; that it had no right to commence business in the Free State without first having obtained the sanction of the Government; that its Notes were only signed by the Manager and Accountant, no Directors' names appearing upon them; that the Standard Bank had exported £130,000 in specie from Port Elizabeth, and that in the Free State at that time it had not more than £600 in specie.

It was subsequently proved that the Bank had at the time upwards of £5,000 in specie in the Free State, and that the reported shipment of £130,000 from Port Elizabeth was a myth.

The Standard Bank was ably defended in the Raad, but it was evident that the result was more or less prearranged, and the following resolution was adopted :

"The Volksraad taking into consideration that the Branches of the foreign Banking Institution which has established itself in the Orange Free State exist here without the sanction of the law, that there is no security for the Bank Notes issued by them, that so far as regards our State they have no responsibility of any kind whatever, and that the large profits that they make are sent beyond our limits; and further, taking into consideration that unless similar foreign Banking Institutions are here forbidden the whole people will by degrees fall into their power and become dependent upon foreign capitalists, it is therefore resolved that: From January 1st, 1866, no Foreign Bank or Branch thereof shall be permitted to exist in this State, and that from that date no new Bank shall carry on business under a penalty of £100 for each offence; The Branch Banks at present established here shall, however, be permitted, after January 1st, 1866, to realise and bring to a conclusion all transactions entered into prior to that date; that from this time no foreign Bank shall be allowed to establish itself in this State before the permission thereto of the Volksraad shall have first been obtained."

This resolution was adopted at a Volksraad meeting in March, 1865, at which thirty-eight members were present, of whom twenty-five voted for it and five against, the remainder abstaining from voting. Mr. Brand (afterwards Sir John Brand), who had a year or two previously taken up the post of President of the Free State, observed an entirely non-committal attitude.

The Bloemfontein Bank thus got rid of their rival, but it was foreseen that this action alone would not save that institution. Their representatives accordingly proposed that it was necessary to do something

to obviate the scarcity of money that must ensue when the Standard Bank withdrew its capital, and it was therefore further resolved that the Free State Government should issue £30,000 in Notes payable ten years after sight; that these Notes should be declared legal tender in the Free State and placed in the Bloemfontein Bank, who were to pay the Government 6 per cent. for the accommodation. Upon the strength of this £30,000, the Bloemfontein Bank were enabled to treble their circulation, any demands made upon them for payment of their own Notes being met by issuing the Government legal tender Notes.

Representations were made in the press at the time as to the injustice of allowing any institution to be established, to buy property, and to invest its capital without protest, and then for no adequate reason to suddenly say its establishment was contrary to law and summarily eject it from the State. The *Friend* of the Free State remarked:

"We are, however, still of opinion that it had become necessary for the protection of the public and also of our local Bank to place the Standard Bank under certain restrictions, such as compelling it to pay its own Notes on presentation *irrespective of where they had been issued*: that it should publish periodically certified returns of Notes in Circulation the same as provided by a recent Act in the Cape Colony and also of Bills under discount, and that it should give security to the Government for the amount of its circulation, but we must confess we did not from the outset see very well how this last was to be accomplished inasmuch as it was known that the

STANDARD BANK, ELDORET, EAST AFRICA PROTECTORATE

Bank had scarcely any Shareholders in the State, unless it could be arranged by always keeping as a deposit with the Treasurer-General of the State a portion of the bills under discount.

"We have since learned that the Manager of the Standard Bank was prepared to comply with the whole of these conditions had the Raad only demanded it from him."

Elsewhere the *Friend* of the Free State remarked :

"The unceremonious treatment the Standard Bank has received at the hands of our legislative body could scarcely have been anticipated by its worst foe. We are not of those who rejoice. We fear the Raad has gone too far in the matter."

It is fair to add that although not formally mentioned in the Volksraad's resolution, allegations were made as to exorbitant charges imposed by the Standard Bank. No such charges were ever imposed by the authority of the Bank, and it is difficult to see how the reduction of the number of Banks in the Free State could lead to a reduction of Banking charges. The motives for the resolution of the Volksraad must be sought in personal interests in some directions and political prejudice, which was strong at the time, in others.

As soon as the Volksraad's action became known, merchants in the Cape Colony became concerned in regard to their outstandings and the effect of the enforced issue of Notes. A special meeting of the Port Elizabeth Chamber of Commerce was convened to consider the matter, and a resolution was unanimously passed that "these measures are in a great

degree calculated to neutralise the confidence and good feeling which has up to the present existed between the Colony and the Orange Free State."

Representations, however, were of no avail, and the Standard Bank made arrangements for liquidating its business in the Free State, where it had at the time £80,000 outstanding, largely in the Smithfield district.

Upon the extension to South Africa in 1873 of the Oriental Bank, permission was accorded to it to establish Branches in the Free State, and these were subsequently taken over by the Bank of Africa on its formation in 1879. Later on, the Natal Bank was allowed to establish itself at Harrismith.

The progress of the Diamond Fields so much benefited the Free State that when in 1876 the boundary dispute with the British Government was adjusted virtually by a payment to the Free State Treasury of £90,000, the latter had not only been able to redeem all its outstanding Bluebacks (over £70,000), but were in a position to employ £70,000 in founding the National Bank of the Orange Free State Limited.

One of the first acts of the new institution was to buy up the Bloemfontein Bank, whose shareholders obtained £6 10s. for each share of £3 5s. paid-up.

It should be mentioned that the relations between the Bloemfontein Bank and the Standard, subsequent to the latter's expulsion in 1865, became quite cordial

and were mutually satisfactory, and that the relations between the Standard Bank and the National Bank of the Orange Free State Limited became even more intimate. Two of the General Managers of the latter institution were supplied from the staff of the Standard Bank.

Efforts were made on more than one occasion to induce the Volksraad to reconsider its general attitude towards so-called "foreign Banks."

In 1882 the Standard Bank formally appealed to the Volksraad, and, as the result of personal representations by Mr. L. L. Michell, then Assistant General Manager, President Brand agreed to recommend the Raad favourably to consider the Bank's position. This he did in his opening speech on 1st May, 1882. The petition—which, it should be mentioned, was prompted by the unwillingness of the National Bank to open a Branch at the Free State Diamond Diggings (Fauresmith)—was, however, rejected by thirty votes to ten. The representatives of the towns and centres of trade were apparently largely in favour of the Standard Bank, but they were outvoted by the rural members.

The following year, unsolicited by the Bank, President Brand himself suggested to the Raad the propriety of removing the restrictions in regard to foreign Banks, but again without success. When, however, in the following year (1884), the Free State required to raise a loan of £100,000, no objection was

raised by the Volksraad to the Standard Bank's assistance being invoked. This was readily rendered, and the loan successfully floated by the Bank on the London market.

In 1886 the Free State Government were in need of a further loan of £40,000, and, as it was too soon to expect to be able to float further debentures on the London market, and as the National Bank of the Free State evinced some reluctance to assist the Government as its funds were fully employed, the Free State Executive introduced a measure into the Volksraad repealing the disabilities of foreign Banks. Apparently to avoid this alternative the National Bank agreed to assist the Government. Thereupon the measure for removing the restrictions upon foreign Banks was withdrawn.

In August, 1889, a formal petition by the Standard Bank was again submitted to the Volksraad for rescission of their former resolution, but without result. On a subsequent visit of President Brand to Cape Town, he admitted to the Bank authorities that their petition was hardly discussed, but was simply negatived in his absence by friends of the other Banks. His Honour frankly avowed that he favoured free trade in Banking, and was himself prepared to advocate abrogation of the law without further application on the Bank's part and to repeat his efforts until successful. The failure of the Cape of Good Hope Bank and other institutions a few

months later, and the consequent distrust of Banks generally which intervened for a time, doubtless rendered it inopportune to bring the matter before the Volksraad. Later, the political unrest occasioned through the attitude of the Transvaal, and the closer relations which existed between the Free State and Transvaal after Sir John Brand's death, led to the matter being shelved altogether.

It was not until March, 1900, that, to meet the financial requirements of the Imperial troops, the Standard Bank established a Branch at Bloemfontein at the request of the military authorities, shortly after Lord Roberts entered that town. Even then, however, efforts—naturally unavailing—were made to maintain the old Volksraad resolution—efforts which were renewed, similarly without effect, after the war ended.

When the Union of the South African Colonies was arranged, it was decided to dispose of the assets and business of the National Bank of the Orange Free State, in which the Government still held seven-tenths of the shares. An Enabling Bill to dispose of the State interest was passed by the Volksraad, and the Government intimated in the Raad their intention "to work hand in hand with the Directors and Shareholders." Tenders were called for, whereupon the Standard Bank offered £18 15s. per share and the National Bank of South Africa Limited offered £18 12s. per share. The former's

offer was accepted, but the Government declared the proceedings at the relative meeting of shareholders to be invalid on the ground that it took place before they had promulgated the Enabling Bill, although they had been requested to do this before the meeting was held.

The Government then called for tenders for the purchase of its own interest in the Bank, whereupon the Standard Bank renewed its previous offer, but the National Bank of South Africa tendered on a basis of £20 2s. 9d. per share, which was accepted.

The Standard Bank has since largely extended its business throughout the Free State generally. Its Branches there have increased from five to seventeen during the last four years, and its loans from £88,000 to £728,000. Considering how large a portion of this amount represents advances to farmers, it is safe to say that while the Bank's relations with the community generally in the Free State are of the best, by no section is its presence more appreciated than by the rural population.

CHAPTER V.

THE STANDARD BANK IN CONNECTION WITH THE DIAMOND FIELDS.

It is not intended in this chapter to write the romantic story of the early discovery of diamonds in South Africa, but the facts leading up to the Bank's advent on the Fields should be stated.

Apparently the first diamond was found in the year 1867 among a collection of river stones in the Hopetown district. In 1869 another diamond found by a Hottentot in the same locality ultimately realised in Europe £25,000. This news rapidly spread and resulted in a large influx of people into the districts bordering the Vaal River near its junction with the Orange.

The chief camps of the diggers were on opposite banks of the Vaal River, and styled respectively Klipdrift and Pniel. The locality was beyond the then existing limits of British jurisdiction, and Pniel was claimed as Free State territory. The diggers at Klipdrift formed a Council which levied tolls and taxes under a President named Parker, and Klipdrift

itself was in consequence occasionally styled Parkerton. It is estimated that early in the year 1870 there were 10,000 men on the banks of the Vaal River.

Excitement throughout the country increased with news of further discoveries, and parties proceeded to the district from all parts of South Africa. Among others, some members of the Bank's staff threw up their appointments to try their luck as diggers.

The Bank's General Manager, Mr. Robert Stewart, very early recognised the important bearing the discoveries would probably have on South African trade, and the question was seriously considered of the establishment of a Branch on the Fields themselves or at Hopetown, which was the nearest Colonial town, and was at a distance of two days' journey. The Bank's nearest Branch at the time was distant four days' journey, at Colesberg, and the influence of the Fields was materially increasing its Note circulation and deposits.

In contradistinction to the policy of the London and South African Bank, Mr. Stewart entertained the idea that remunerative business might be done by moderate advances on diamonds, say to the extent of 10 or 15 per cent., pending realisation in Europe, which the Bank would undertake and account for to the finders on receipt of results. It was recognised that in many cases advances would not be required, and that diggers would be only too glad

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to pay a reasonable commission and realise through the Bank in preference to dealing with private individuals, most of whom bought outright and expected to make a large profit.

Later in the year 1870 diamonds were found at Jagersfontein in the Orange Free State. There was reason to believe that the discoveries generally were by no means exaggerated, and that a large proportion of the diamonds found were concealed by the finders. As the finds grew in importance more people were attracted, and a considerable local trade necessarily sprang up in merchandise of all descriptions.

A Bank thus became a necessity, and Mr. Stewart, acting on his own initiative and relying on assurances he had received, decided to give the Fields a trial, and trusted to the Directors to confirm his action. Mr. G. M. Cole, Sub-Manager at Port Elizabeth, was accordingly despatched to Klipdrift in September, 1870, to make the necessary arrangements for commencing business with as little delay as possible.

In the absence of a permanent recognised Government, a Vigilance Committee appointed by the diggers ruled with a strong hand and dealt summarily with offenders against peace and good order.

The *Eastern Province Herald* of 2nd December announced that Mr. Cole had arrived at Klipdrift professedly "without his capital," but "the real truth was suspected to be that he would risk nothing until the British Commissioner had put in his

appearance." The latter was Mr. J. Campbell, who was well received by the diggers, and in 1871 the Diamond Fields were proclaimed British territory, and some years later were annexed to the Cape Colony. It is recorded that pending the erection of a wood and iron building, Mr. Cole secured temporary offices at the residence of President Parker at Klipdrift.

The *Eastern Province Herald*, 23rd December, 1870, is responsible for the following :

" A wooden house, safe, specie, counter, etc., for the Standard Bank have arrived safely on the Klipdrift side of the Fields. The safe weighing 1,800 lbs. in crossing the Vaal slipped off the boat—or we believe two boats lashed together—into the river, but, fortunately, floated like a cork, or say iron ship, never touching the ground until it reached the opposite shore. It was at first reported that all the specie was lost, but the fact is there was no money in the safe, and nothing therein was the least damaged. We congratulate Mr. Cole on the fact that his safe is not only fire- but water-proof."

The class of business brought into existence by the diamond discoveries was, of course, entirely new. No one previously had had experience of it, and it is therefore not surprising that some mistakes were made in the early days. Diamonds turned up at various country Branches and at Cape Town and Port Elizabeth, brought down by diggers and others who required advances thereon pending realisation. The business, however, soon became a matter of routine, and under definite rules and restrictions Bank officials assigned to the duty learnt to conduct

diamond operations with judgment and in the same sober and dispassionate manner as they would advance on consignments of wool.

The Bank's Branch was the first and for some time the only one in the field, though there was admittedly room for two or three others.

Later on, the famous Colesberg Kopje was discovered, and there was a rush to the place, which for some time became known as "New Rush."

By the commencement of 1872 the most popular diggers' camp was apparently located at De Beers. The Cape of Good Hope Bank had decided to open there, and the Standard Bank to prevent possible loss of deposits by transfer from the Klipdrift Branch, from which place there was an exodus of diggers, started an Agency at De Beers. Mr. W. H. Craven was appointed Manager.

Another rush of diggers occurred on the discovery of Du Toit's Pan, and a further Agency of the Bank was opened there. New Rush (De Beers) proved expensive and dangerous to work as an Agency, and it was soon converted into an ordinary Branch.

The office accommodation at these places was distinctly primitive. Mr. O. H. Bate has thus described his experience :

"When first I went to Kimberley (De Beers, New Rush), we used to sleep as well as work in the Office, one man in a hammock before the counter, another also in a hammock behind the counter, one on the counter (it was not long enough

for two), a fourth on the Accountant's table, and a fifth on a stretcher in the Manager's office—a mere cubicle. More men would doubtless have slept in the office could they have found room, but the desks were too sloping to use as beds. I believe those were the second premises at Kimberley, and that the first afterwards became the Card Room of the Craven Club, a narrow room at its widest part, and dwindling down almost to nothingness at the other end. It was always a mystery to me how the Manager interviewed a customer in the original premises on the Diamond Fields. His office was, I should say, about four feet by three, with three doors in it, and when he was in it with two chairs and a sloping shelf for his desk it must have been a puzzle how to get a customer in too. These were the Klip Drift premises, but later on were moved to Kimberley and used there for clerks to sleep in. The Kimberley staff did its share of sentry-go when the Government called for volunteers to protect the gaol and public offices, fearing an outbreak on the part of the diggers, and each corner of the office had a rifle in it in those days."

The European market was not prepared for the large consignments of diamonds it was rather suddenly expected to digest. More than one serious check occurred, and individual speculators suffered severely.

Later on, fears were entertained that the New Rush diggings were approaching exhaustion: the danger and labour of working began to be appreciable, and there was a falling off in the "finds" which served to brace up the market.

In 1873 a new Constitution was given to the Diamond Fields. Among other matters the names of certain places were changed. The villages of Pniel and Klipdrift were to be known thenceforth

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as Barkly, and the town or camp hitherto known as New Rush was styled Kimberley. The name of Du Toit's Pan remained unchanged.

By the middle of 1874, owing to a gradual decline in business, the Bank withdrew entirely from Barkly, and the assets of that Branch were transferred to Kimberley. Business on the Fields generally had become less satisfactory. A large portion of the Kimberley Mine was under water, which had the effect of greatly reducing the yield of diamonds. Business at Du Toit's Pan was becoming smaller in volume, and owing to gradual desertion of the place, the Branch was merged in that at Kimberley. An officer was, however, sent to Du Toit's Pan daily to meet the requirements of the few customers there.

By the year 1876 a better spirit prevailed on the Fields, though falls of " reef " had stopped operations to a great extent and many whites as well as coloured workers had left to seek employment elsewhere. The difficulties of individual claimholders in working the mines led to the consolidation of blocks of claims owned by Joint-Stock Companies and, by the middle of 1879, the Kimberley Mine was almost entirely in the hands of twelve of these Companies.

Mr. J. E. Dell, who was Manager of the Bank's Kimberley Branch from 1878 to 1884, contributes the following graphic details bearing on life at the Diamond Fields at that period :

"At the beginning of the eighties Kimberley gave South Africa a new experience, namely, a shorter cut than was hitherto known to wealth—or ruin—by a great gamble in Diamond Mining Shares. The amalgamation of groups of mining claims into Joint-Stock Companies was an honest venture, and the earlier combinations were not over capitalised, but placing the scrip on the market aroused the spirit of speculation, not in Kimberley only, but throughout South Africa, and for a considerable time the very atmosphere seemed to reek of the share market. Shares went up and up—higher and higher—until some stock acquired a market value over four times its face value. Newspapers made small fortunes in publishing prospectuses of new Companies, and the rush for shares offered to the public was so great that allotments often did not exceed 5 per cent. of the application. The mere tenders only were sometimes sold at a stiff premium per share, the buyer taking the chance of the number of shares he would get. Auctioneers enlivened their sales by publicly offering bonuses for bids when competition slackened, sometimes going as high as 50 per cent. on the amount of the additional bid, and hundreds of pounds were made in a day in that way, while the property concerned was bought by some one else. The Banks saw the necessity of stopping the mad gamble, and did so by refusing further advances on mining securities. When the bubble burst there was a big decline in the consumption of expensive wines and half-a-crown cigars.

"In those gay and reckless days heavy play at cards was common. On one occasion two prominent Kimberley men entered on a twenty-four hours' contest, which resulted in the loser transferring to the winner in settlement of his loss a freehold property in Kimberley (Chambers) which brought in a rental of about £1,000 a year.

"The Bank's staff at the Diamond Fields, even as late as my time, 1878-1884, had to work very hard and under conditions of great discomfort from extreme heat and smothering dust. Water from the Vaal River was not brought into

STANDARD BANK, KIMBERLEY, CAPE PROVINCE, ABOUT 1878

Kimberley until some years after 1878, and until that was done the supply for all purposes had to be obtained from wells and distributed by private water carts at a stiff charge. This arrangement was not always dependable, and when something went wrong with the usual supply, as much as 2s. 6d. a bucket was paid for water for household purposes. One used to be told of people washing themselves in soda water on the score of economy ! The old Kimberley Bank premises was a structure of wood and iron, and had large glass front windows. It was built for a drapery business but it seemed specially adapted for letting in the dust and heat. Papers would curl up from the heat, and every article in the building got gritty from the dust. The only window in the Manager's room faced the yard of a large ironmonger firm, and when it was opened to let in some fresh air, the noise from handling bars of iron and other metal goods in the yard was almost distracting. The removal to the new premises made the staff comfortable."

The speculation referred to by Mr. Dell undoubtedly animated the general public throughout South Africa, and a large number of people neglected their legitimate business to dabble in shares and strained their credit to provide the necessary funds. Simultaneously many farmers neglected their farms to engage in transport riding, good rates being then paid on the heavy machinery and material got up for the use of the mines.

A great deal of European capital was at this time attracted, and it was calculated that about the end of 1881 a sum of approximately £12,000,000 sterling was invested in the diamond industry in Griqualand West.

A Mining Board controlled operations, but jealousy and hostility between representatives of different

Companies resulted in constant quarrels and litigation, which more or less paralysed progress. Many of the Companies, especially those more recently formed, were hopelessly overweighted. Their claims, most of which were covered with floating reef, were often unworkable except at an outlay which they had no means of producing, their capital, in all instances paid up, having found its way into the pockets of Kimberley promoters.

The absence of reserve capital for machinery, unprofitable work in attempts to clear their claims of "reef," combined with extravagant and careless management, brought the Companies into disrepute, with the result that almost every kind of Mining security fell 50 per cent. in value. Transactions, in fact, in mining properties and shares became limited to forced sales, and buyers dictated their own prices. The Kimberley Mining Board itself had accumulated debt which in October, 1882, amounted to no less than £300,000, and litigation was proceeding between it and the Kimberley Central Diamond Mining Company.

In the meantime, diamonds commanded enhanced prices as the difficulties of winning them increased. The situation attracted attention in Europe, and representatives of some of the prominent financial houses in Paris and London, as well as South African public men, visited the Diamond Fields and attempted, but without success, to arrange for the buying up

of one or other of the mines with the view of forming one large Company.

The Companies sustained serious losses through illicit diamond buying, which led to the introduction of the " searching " system, and in 1885 the principle of the Diamond Trade Act was extended to the whole Colony. This, in conjunction with the Compound system, contributed materially to improve the position.

Even these measures were not wholly effective, however, for in 1889 one notorious operator showed banking deposits of £156,000 in six months.

The year 1886 is noteworthy for the general adoption of the system of underground working by means of outside shafts. In the same year the Kimberley Mining Board's debt to the Standard Bank, which had occasioned much trouble, was taken over by the Kimberley Central Company.

The year 1886 also marked the opening of the railway to Kimberley. Distinct improvement began to be noticeable. Exports of diamonds for that year were more by £1,000,000 sterling than in 1885. The average price was better, and was sustained notwithstanding increased production. By the middle of 1887 the Kimberley Central and the French Diamond Mining Companies had become practically the owners of the whole Kimberley Mine, while the De Beers Company were in possession of De Beers Mine.

The Standard Bank in protection of its interests had become owners of a number of claim properties in the Du Toit's Pan Mine, and had held these for a considerable time. The improved demand for mining claims enabled the Bank to dispose of them in 1887.

The progress towards unification of mining interests continued, and the Kimberley Central became owners of the Kimberley Mine, while they and De Beers Company had large interests in the Bultfontein and Du Toit's Pan Mines. In the latter the Griqualand West Company owned fully half the claims.

By the middle of 1888 amalgamation was virtually completed by the absorption of the Kimberley Central by the De Beers Company. Excellent dividends were by this time being paid by the Companies, and with the cessation of the struggle for supremacy speculation in diamond shares slackened considerably, trade settled down to normal limits, and energy was concentrated on the Transvaal Gold Mines, in which Kimberley capitalists had acquired a large stake.

It may be of interest to refer to the purchase price paid for the three farms on which the four mines—Kimberley, De Beers, Du Toit's Pan, and Bultfontein—are situated, which seems to have been as follows :

The " Kimberley " and " De Beers " were situated on the farm Vooruitzicht, the property of a farmer named De Beer, by whom it was sold to Messrs. Dunell, Ebden & Co., of Port Elizabeth, for the

sum of £6,000. A few years later it was resold to the Government for £100,000.

Bultfontein was owned by a farmer named Du Plooy, who sold the property for £2,000; and Dorstfontein, which embraced the Du Toit's Pan Mine, was sold for £2,600. Both of these properties were acquired by parties who disposed of them to the London and South African Exploration Company. A previous sale of Bultfontein had been made to Mr. Tom Lynch for £2,000, but the transaction was concluded on a Sunday, and it was represented to Du Plooy that the sale was illegal, whereupon he sold the farm as above stated to the London and South African Exploration Company's predecessors. Lynch then brought an action against Du Plooy for £10,000 damages, and was awarded £500 and costs. Du Plooy in turn sued the other parties and obtained judgment for £760 and costs. (See Gardner F. Williams' *The Diamond Fields of South Africa.*) Apparently much of the original purchase amount was eaten up in irrecoverable law costs.

CHAPTER VI.

THE LONDON AND SOUTH AFRICAN BANK.

The London and South African Bank in its business policy and methods as well as in its ultimate fate, had such an important bearing on the early fortunes of the Standard Bank as to deserve a special chapter.

It was founded in 1861—a year before the Standard Bank—and thus had the opportunity of getting a good foothold before its rival became organised. Both institutions originated with prominent Colonial merchants; in capital strength in the early years they were more or less on a par; both had their Head Offices in London; one was Incorporated under Royal Charter, and the other was a Limited Liability Company. Both had local Boards or Committees in South Africa, which, however, soon got into disfavour in London and were either abolished or became moribund. In other respects there were strong points of contrast.

When the crisis occurred in the Colony in 1864-65, the London Manager of the London and South African Bank was sent out to the Cape with full powers and resorted to drastic closing of the

TWO LIONESSES SHOT WITHIN A MILE OF THE BANK AT HARTLEY, RHODESIA

Branches was abolished. Instructions were sent out that each Manager was to have entire control and be responsible for the business of his Branch subject only to the Head Office in London. Branch Managers were enjoined to work harmoniously together. Drawings on each other to obtain coin had evidently occasioned friction, and each Manager was admonished to remember that strictly he was only entitled to draw against a credit balance.

These arrangements, as might be expected, did not work well, and in 1873 the General Manager visited South Africa, and recreated the post of Chief Colonial Officer with full control of the business of the Bank in the Colonies.

The following year the General Manager's post was abolished, and the gentleman who held it accepted a seat on the Directorate. About two years later the chief representative in South Africa was superseded, but the newcomer only held office for three months, when he in turn was replaced.

In one direction there was no vacillation whatever about the London and South African Bank's policy. In January, 1871, the Directors determined to prohibit advances on diamonds, and a month later, owing apparently to fresh representations on the subject having reached them, they issued instructions that "no advances are to be made on diamonds or consignments thereof accepted," and that "this decision is to be regarded as final." The Directors

added the request that "the question be not again referred home for reconsideration."

This policy not only shut the London and South African Bank out of what at the time and for years afterwards was a lucrative source of income, but was calculated to estrange some of their best customers, inasmuch as many of the most respected firms in the Colony were directly or indirectly interested in the diamond business.

It is to be noted also that a clause in the Bank's charter prevented them from actually opening at the Diamond Fields, at any rate, until after they were proclaimed British territory.

The Standard Bank, as we have seen, pursued a strong but generally prudent forward policy, and although this was necessarily checked during the depression which followed the crisis of 1865, the Standard Bank's Board and General Manager were ever watchful for fresh business openings.

Shortly before his death Mr. Feltham informed the writer that when Manager for the London and South African Bank at Cape Town, he virtually "worked in fetters" as a consequence of the very restrictive character of the instructions imposed by the London Directors of his institution.

When the depression at the Cape subsided and steady normal trade supervened, the London Board were unwilling to allow for the changed circumstances; in fact, as Mr. Feltham put it, they "never altered

their character list," with the result that the London and South African Bank's Cape Town business became reduced to one-quarter of what he found it when he took over charge, but he added, on the other hand, " neither the Directors nor the General Manager of the Standard Bank lost their heads."

Mr. Feltham related that on one occasion he met Mr. Stewart in Cape Town in company with one of the Standard Bank Directors, and in the introduction which ensued, Mr. Stewart described his rival (Mr. Feltham) as the best friend he had in Cape Town !

Sir Lewis Michell bears similar testimony, namely, that while the London and South African Bank was held in high estimation, its expansion was retarded by the ultra caution of its London Board, whereas the Standard Bank worked on less rigid lines. Mr. Henry Anderson likewise states that " restrictions on business emanating from London drove many of the Bank's customers to the Standard Bank." Foreseeing the inevitable results, Mr. Michell resigned in December, 1872, and three months later Mr. Feltham also resigned at Cape Town.

The London Board then apparently realised the effect of their policy, and the restrictive regulations were relaxed. By this time, however, the Standard Bank (under the guidance of Mr. Robert Stewart) had secured the pick of Cape Town business, and in their anxiety to retrieve their position with the latitude allowed them, the London and South African

Bank's representatives then incurred such heavy losses, especially at Port Elizabeth, as to render liquidation inevitable.

Overtures had more than once been made by the Standard Bank's Directors to the rival Board in London, but the latter invariably stood on their dignity, and the overtures were hardly received with courtesy, until force of necessity compelled a change of attitude. Even then a strong attempt was made to reconstruct, and at a shareholders' meeting in London in March, 1877, it was resolved to do so under the style of the London Bank of South Africa, Limited, the Directors persisting in their aversion to amalgamation with another Bank. Many shareholders, however, notably those at Port Elizabeth, objected to the proposed arrangements, and eventually in June, 1877, terms were agreed upon with the Standard Bank by which the whole of the assets of the London and South African Bank were to be purchased from the London Bank of South Africa, payment for the same being made by the issue of 10,000 shares in the Standard Bank of £100 each with £25 paid up, taken as worth £32, such shares to be entitled to one-third of the dividend for the half-year ended 31st December, 1877; the assets of the London and South African Bank to be handed over to the Standard Bank, which was to discharge all liabilities of the London and South African Bank and the London Bank of South Africa, Limited.

For these assets, which were estimated as worth at the time £323,000, the Standard Bank thus gave 10,000 shares, equivalent to £250,000, plus a premium of £7 per share, say, in all, £320,000. It was agreed that the £70,000 representing the premium on the new issue was to be added to the Standard Bank's Reserve Fund, and that any surplus on realisation of the assets would be similarly dealt with.

Standard Bank shares were quoted at the time at 42, and the arrangement was not accepted by its shareholders without a good deal of discussion, but it was pointed out that the advantages to the Standard Bank would comprise:

(First) securing the goodwill of the business of an old established and rival Bank;
(Secondly) an increase of capital;
(Thirdly) an extension of the Proprietary;
(Fourthly) an addition to the Reserve Fund.

The agreement as ultimately carried out on the above basis resulted satisfactorily to shareholders of both institutions, and within a couple of years the Standard Bank's Directors were able to announce that the liquidation of the defunct institution had progressed so well that the Board felt justified in taking over the few remaining assets and thus finally closing the account, which resulted in a surplus of £95,000 for further addition to the Reserve Fund.

Two of the Directors of the London and South

ORIGINAL PREMISES, STANDARD BANK, KALOMO, N.W. RHODESIA. (BUSINESS SUBSEQUENTLY TRANSFERRED TO LIVINGSTONE, RHODESIA)

African Bank, viz. Sir William Henry Drake, K.C.B., and Mr. Alexander Croll, were appointed to seats at the Standard Bank Board.

In addition to Mr. L. L. Michell, who resigned some time prior to the fusion of the two institutions, the following among the officers of the London and South African Bank taken over by the Standard Bank rose to positions of responsibility in the latter's service :—

Mr. Edmund Thomas, of Durban, afterwards Manager of Cape Town Branch and Joint General Manager of the Standard Bank.

Mr. R. W. Hewitt, Manager at Cape Town and Worcester.

Mr. E. H. Vaughan, Manager at Philipstown and King William's Town.

Mr. J. J. G. Smuts (Ferris), Manager at Oudtshoorn, who subsequently ably represented the Bank at Pretoria from the retrocession of the Transvaal in 1881 until the Boer War of 1899-1902.

The Standard Bank was thus indebted for two of its General Managers to the London and South African Bank.

Mr. Henry Anderson, who had most creditably managed the latter's Branch at Grahamstown, where he was much esteemed, decided to retire from active business.

CHAPTER VII.

THE HISTORY OF THE STANDARD BANK FROM 1880 TO 1889.

In 1880 the Directors decided to increase the paid-up capital to £1,000,000 by the issue of 6,000 shares on which £25 was to be paid up. This step was taken in view of the increasing business and the importance of keeping the Bank's own resources commensurate with the magnitude of its requirements and the extent to which its credit was being availed of. The new shares carried a premium of £20 each, and the substantial sum of £120,000 accruing from this source was added to the Reserve Fund.

In general, the "eighties" opened with excellent prospects. The Bank's income was steadily improving and its business showed expanding figures.

With the settlement of the Zulu question, and expectations of considerable development in the trade and resources of the Transvaal as a consequence of the British occupation, the continuance of prosperity seemed assured.

PEN AND INK SKETCH OF BANK OFFICERS UNDER ORDERS TO OPEN A KAROO BRANCH

Wool was commanding enhanced prices and exports had increased; considerable profits also were being made in Angora hair in which, as in ostrich feathers, there was a notable increase in production. Diamonds were in good demand; diggers were prosperous, and there had been greater activity in trade at the Diamond Fields as a result of circumstances specially referred to elsewhere.

The only possible trouble seemed to loom in Basutoland.

Not many months had passed, however, before the restlessness of the Boers in the Transvaal indicated deepseated dissatisfaction with the new form of Government which culminated in hostilities.

Much anxiety was experienced at head-quarters as to the fate of the Bank's Branches during the war which ensued. Telegraph wires were destroyed and communication by other means cut off, but news filtered through at intervals, and even the most distant Branch, at Lydenburg, managed to get information conveyed at intervals via Delagoa Bay that the Bank's assets were safe. At Heidelberg the Manager divided his coin into two parcels which he buried in different places. At Potchefstroom the Boers were in possession of the town, but not of the Camp. The Cape Commercial Bank staff at that place deserted their office which gave offence to the Boers. The Standard Bank's officers stuck to their posts and were unmolested except that a sum of £240

was commandeered. Later a further levy of £100 from the Manager, £60 from the Accountant, and £100 on account of the Bank itself, was demanded, but the Manager (Mr. Wm. Smart) succeeded in evading payment. Alternatively the Boers presented a cheque on the Branch for £1,000 drawn against an account styled "The Boer Trading Company." Mr. Smart refused payment on the pretext that the Company had never been properly constituted and that the two parties who signed the cheque had no right to lend the Company's money for war purposes without the consent of the other shareholders; further, that according to the old Transvaal Law of 1866 all monetary transactions were declared in abeyance during the existence of Martial Law. The Manager was ultimately arrested and imprisoned on a charge of treason. The Transvaal Government Secretary then intimated that he had instructions from Paul Kruger to the effect that in the event of further refusal of the money, application was to be made to the local Boer General for sufficient force to take what was required. On satisfying himself that the instructions were in writing and that further resistance was useless, the Manager paid over the funds which were really provided by the Trading Company and not by the Bank. The Manager also protected the Bank by obtaining a special indemnity from the representatives of the Boer Government.

On subsequently meeting the Manager (Mr. Wm.

Smart) in the street, Paul Kruger made a point of shaking hands with him "to show his regard for an Englishman who had stuck to his post."

At Pretoria the majority of the Bank's staff were placed on active service with the Pretoria Carbineers. Mr. A. G. A. Melvill, now Manager at East London, who by the way was the first officer engaged by the Bank in the Transvaal, states that the Pretoria staff had to attend to their usual Bank duties during the day and do patrol duty at night. The town was closely besieged and there were several skirmishes on the outskirts. Martial Law was proclaimed, and at dusk the authorities ordered all the town inhabitants into camp at the fort. The town was quite deserted at night. All the Branch assets were removed to the fort and placed with the ammunition underground. The Bank opened for an hour each morning in the town; a small supply of gold and silver was taken to the office from the fort for the purpose. Government cheques only were allowed to be cashed. At the signal of the firing of a gun Mr. Melvill, who was Teller, had to clear up his cash and rush back to the camp. Ultimately the position in the town became too dangerous, and a tent was requisitioned in the centre of the fort where the Manager, Mr. R. W. J. Johnston, and those of his officers not on military duty opened for an hour each day. Sometimes it was necessary for the staff to gather up cash and vouchers hurriedly and take part in defence duties.

This went on until peace was declared. The death of a member of the staff, viz. Mr. Arthur Thomas Cogan, while serving with the Pretoria Carbineers, has to be recorded with regret. Mr. Cogan was killed during a sortie.

With regard to the restoration of the Transvaal to the Boers, it would be out of place here to seek either to justify or condemn the step, but as to the immediate effect from a financial and economic point of view there can be no doubt.

Upon the annexation, confidence in the British flag, and subsequently the assurances of Sir Garnet Wolseley, had led to an influx of newcomers and the introduction of capital. Farms had been acquired, buildings erected, and enterprise generally extended. The retrocession led to universal distrust amounting almost to panic. Trade became stagnant, and merchants commenced to liquidate, preparatory to leaving the country. Landed property, however, and Transvaal securities generally had become virtually unrealisable. There was also a manifest inability or unwillingness on the part of some Transvaal debtors to pay their Cape and Natal supporters, which, coupled with the execution of large indents sent to Europe prior to the retrocession, caused further embarrassments which reacted adversely on trade throughout the whole of South Africa. The early attempts of the Boers at legislation and especially their unsound fiscal policy further augmented the

STANDARD BANK, KROONSTAD, ORANGE FREE STATE

general lack of confidence in the future of the country. A tax of £150 was levied on every Bank and Branch Bank, and another on specie was seriously discussed. The Government resorted to the questionable policy of raising money by granting exclusive concessions.

Of the two Banks established in the Transvaal—the Cape Commercial and the Standard—the former had locked up no less than £400,000 in landed property there, and their weak position added to the prevailing distrust. The Standard Bank's outstandings in the Transvaal also exceeded £400,000 (including large advances to the Imperial Government) but with its cash reserve of over £127,000 and other assets a sum of £800,000 was at stake. It was decided to close the three outlying Branches and concentrate at Pretoria with the object of liquidating its business in that Republic. The Cape of Good Hope Bank which had taken over the liquidation of the Cape Commercial Bank's business in the Transvaal, made arrangements for withdrawal, but before a final decision in the same direction on the part of the Standard Bank was reached, a memorial signed by all the principal residents was presented requesting it not to retire as it was represented that such a step could not be otherwise than most injurious to the business prospects of the country. Paul Kruger, who was then Vice President of the Transvaal, also assured the Bank that its withdrawal would be much regretted. As a result the Bank decided upon a waiting policy.

In the meantime the Bank obtained powers by an Act of the Imperial Legislature in 1881 to carry on its operations in territories beyond British jurisdiction and supremacy, and in 1883 by way of bringing its style into harmony with the above Act, the word " British " was eliminated from its title.

In February, 1881, Mr. H. C. Ross, who had been associated with Mr. Gilbert Farie for some years in the General Management, resigned owing to ill-health and returned to Europe. Mr. Farie was thereupon appointed General Manager, with Mr. L. L. Michell as Assistant General Manager. One of the first duties assigned to the latter in his new post was a mission to the Transvaal undertaken at the express request of the Governor of the Cape, Sir Hercules Robinson, to watch financial interests in negotiations then proceeding with the Boer leaders and ultimately embodied in the document known as the " Pretoria Convention." It was important to ensure the repayment in gold of debts contracted in gold. The members of the British Royal Commission were entirely sympathetic and the issue of unredeemable " bluebacks " was provided against by clause 30 of the Convention.

At the time of the retrocession the Bank had made Advances of about £154,000 to the Imperial officials for Government purposes in the Transvaal, and it was naturally unwilling to allow them to make over their responsibility for this indebtedness to the Boer Government. After much negotiation the Imperial

Treasury admitted the claim and repaid the amount in London.

In 1881 also the Cape Government had borrowed largely from the Bank, at one time as much as £1,300,000, in connection with Basutoland. War with the tribes there had broken out during the preceding year, and there was great anxiety along the Basuto border and in the native districts generally. The outlook at one time seemed ominous, and in the Kokstad district in particular a state of panic prevailed. The Bank's Manager there viewed the situation very seriously and on his own initiative despatched his cash and valuables to Pietermaritzburg and virtually closed the Branch. The consignment arrived safely, but the proceeding was considered a risky one. Altogether some fifty members of the Bank's staff were called out on Burgher duty against the natives, and much inconvenience resulted to business and to the community generally. This costly war which failed in its object involved the Cape Colony in a heavy permanent burden of taxation; it left Basutoland in anarchy and confusion and the natives poverty-stricken. The Imperial Government ultimately agreed to resume control of that country.

The prevailing gloom and want of confidence throughout the Cape Colony were accentuated by the publication of the mid-yearly Banking Returns, the inflated figures of which caused serious misgivings destined unfortunately soon to be justified.

Towards the close of 1881 a large insolvency occurred in Grahamstown and was followed almost immediately by a still more serious one at Cape Town, which proved to be the precursor of a general collapse, more especially at Cape Town and in the South Western districts.

It was evident that the country was in the throes of a severe crisis, the causes of which only too late began to be realised, viz. the reaction from lavish war expenditure, speculation in Diamond shares, overtrading, diminished production, and political unrest. The measure of the inflation may be judged from the fact that the importations of merchandise into the Cape which reached the high level of £9,372,000 in 1882 had contracted by 1886 to under £3,800,000.

Wool exports similarly receded in the five years ended 1885 from £2,881,000 to £1,426,000, and it is noteworthy as indicating the general character of the collapse that the names of farmers appeared in the Bankruptcy Courts to an unusual extent.

As an indication of the depression in value of farm property it may be mentioned that in the Oudtshoorn division alone farms aggregating 50,000 acres over which the Bank held Bonds were thrown upon its hands, almost all having to be bought in by the Bank at public auction for a sum of £24,400, failing any satisfactory bids. The amount of the relative debt was ultimately more than covered by realisations

STANDARD BANK, LAINGSBURG, CAPE PROVINCE

extending over some years, and the Bank's conviction as to the value of the farms, and its prudence in holding them, were abundantly justified. But the facts are in striking contrast with the immensely augmented values of land in the Oudtshoorn division nowadays.

As the crisis developed it was apparent that the strength of the banking position had distinctly deteriorated, a sinister feature being the steadily augmenting volume of overdue liabilities of customers. Moreover, none of the Banks at this time except the Standard Bank, the Bank of Africa, and Natal Bank, were accustomed to maintain reserves really commensurate with their liabilities. One illustration of this may be cited; the Western Province Bank at the close of 1881 showed liabilities of £354,000, while its available cash only amounted to £13,300.

The Annual Report of the Cape Commercial Bank, published about the middle of 1881, showed that institution to be virtually insolvent. The Bank had suffered heavily by its involvements in the Transvaal, also by an absconding Army Contractor on whose estate it proved an unsecured claim of £99,500. It also lost heavily by failures in Cape Town. With a view to withdrawing from the Transvaal it had made arrangements with the Cape of Good Hope Bank to liquidate its business in that territory. Apparently the Cape of Good Hope Bank subsequently considered that they had made a bad bargain, for they endeavoured to recede from the arrangement, and the

matter was finally settled by their paying the Cape Commercial Bank the sum of £10,000 to be released from the agreement. It was not until 1882 that the Cape Commercial Bank actually closed its doors, when, as a matter of public policy and to avoid general inconvenience, the Standard Bank and other Banks, with one exception, agreed to cash its Notes. The Cape Commercial Bank's liabilities amounted to £432,000 and necessitated a call of £30 per share on its proprietary.

Several other local Banks, notably the Union Bank and the South African Bank, were also heavily involved, but managed to weather the crisis. Considerable assistance was rendered to some of these institutions by the Standard Bank whose advances to them by way of re-discounts at one time reached £145,000. Their involvements, which of course were freely canvassed by the public, entailed the loss of numerous accounts which were transferred to the larger institutions, more particularly to the Standard Bank.

As the effect of the crisis, the aggregate figures of the published statements of all the Banks showed a shrinkage in Note Circulation of three-quarters of a million, in Current Account balances of over a million, and in Bills under Discount of no less than seven millions during the four years ended December 1885, while the total assets of the Banks in Cape Colony shrank from £18,400,000 in 1881 to £8,500,000 in 1886.

Amid the announcements of failures, frauds, forgeries and embarrassments of all kinds, Banking administration was carried on with unexampled difficulty. Never since 1865 had there been such a continuous chronicle of failures, and with a business of such wide-spread dimensions the Standard Bank could hardly expect to pass through such a period without loss.

By the middle of 1883 it held overdue paper amounting to £350,000, equivalent to 5 per cent. of the total Bills in its hands. The overdue Bills of the other Banks, however, were equal to 15 per cent. of their total holdings. Heavy losses all round had to be provided for, and the Standard Bank alone took £130,000 from its Reserve Fund for this purpose apart from direct appropriations from profits.

A word is justly due to the staff during the trying period of the crisis and ensuing depression. That serious mistakes were made in individual cases is without doubt, but the staff was essentially a young one, and owing to the lurid attractions of the Diamond Fields and the relative ease with which a competency could be acquired in other directions, owing to the rapid progress of the country, fluctuations in its personnel were much more numerous than nowadays. The difficulty, moreover, of training such a staff is manifest. Out of sixty-five Managers then in the service, twenty-nine were under thirty years of age and the remainder for the most part under forty. The

oldest Branch Manager was only 48 years of age, and there were only three Accountants in the service over the age of 30. Visitors to South Africa often commented upon the weight of responsibility carried on young shoulders, as contrasted with European conditions.

One regrettable result of the crisis was seen in the continued decline in the number of the Bank's Colonial shareholders, due to the fact that the depressed circumstances of the country necessitated the realisation of convertible securities, and investors naturally parted with those shares which were the more readily saleable.

In May 1882, owing to continued bad health, Mr. Gilbert Farie retired, and Mr. L. L. Michell was provisionally placed in charge of the Bank's affairs in South Africa.

The losses which had been incurred led to the adoption of more efficient measures for the control of the Bank's advances, and in the reorganisation which then ensued a special Advance Department was created. This was placed under the charge of Mr. Frank Rees, whose excellent organisation enabled the work to be carried on with efficiency and despatch, a standard which subsequent officers controlling the Department have ably maintained.

In March 1883, the Cape Town Branch opened for business in the new building erected for its use on the Adderley Street frontage of the Grand Parade.

STANDARD BANK, LIVINGSTONE, N.W. RHODESIA

The ground was leased from the City Council in 1880 for a term of 99 years, and the handsome and commodious character of the new premises attracted general attention, Some persons of despondent character were disposed to criticise the proportions of the building as unnecessarily pretentious and extravagant. It was admittedly not in keeping with the gloom of the then prevailing crisis, but the Bank's Directors had faith in the future of South Africa, and the public were not aware at the time that the building was designed to accommodate the General Manager's staff, then located at Port Elizabeth, who took occupation of all available room a couple of years later. As a matter of fact the building proved entirely inadequate for the rapidly growing business of the Branch and the General Management, and has three times had to be materially enlarged. On the last occasion, during the war, the handsome Banking Hall was extended to double its previous proportions, and in appearance and dimensions is probably surpassed by few if any other Banking Halls in the world. The Architect was the late Mr. Charles Freeman, and the Contractor the late Mr. T. J. Inglesby, at one time Mayor of Cape Town.

The year 1883 was a particularly gloomy one in the Bank's history, in so far as the full effects of the crisis were then apparent. It was followed, as was to be expected, by several years of severe depression, when earnings were meagre, and discouraging work

and worry were entailed in clearing the books, with a minimum of sacrifice, of the legacy of trouble which the crisis had left in its train.

In May 1883 Mr. L. L. Michell and Mr. Edmund Thomas were appointed Joint General Managers. Mr. Thomas, as mentioned elsewhere, had been Manager of the Durban Branch of the London and South African Bank, and had shown conspicuous ability in the liquidation of its business in Natal when taken over by the Standard Bank, of whose Durban Branch he then became Manager. When the crisis in Cape Town developed, Mr. Thomas was placed in charge of the Bank's interests there and ably administered that Branch until his promotion to the General Managership.

Mention may here be made of the death in 1880 of Mr. John Paterson who was associated so prominently with the Bank's early history. Subsequently to the liquidation of his firm's estate, his relations with the Bank were friendly, and the then General Manager, Mr. Robert Stewart, frequently alluded to him as a man of ability, energy, and tact. Mr. Paterson represented Port Elizabeth in the Cape Parliament from 1874 to 1880 and continued to take great interest in public affairs. In the latter year he was a passenger by the Union S.S. "American" which foundered at sea, the passengers being picked up by various vessels. Mr. Paterson, with others, was transferred to the "Senegal"

which in turn was wrecked off Grand Canary. Mr. Paterson was precipitated into the water by an accident in lowering a boat and was the only passenger drowned.

In 1885 news was received in South Africa with deep regret of the death in London on March 20th, at the age of 55 years, of Mr. Robert Stewart, Chief Manager of the Bank. Letters expressing sympathy with the Directors and officials of the institution in the loss thus sustained were received from His Excellency the Governor (The Right Honourable Sir Hercules Robinson) and other public men, while appreciative references to the deceased gentleman were made in the public press and by numerous business men and others to whom he was personally known not only in his official capacity but as a trusted friend and counsellor.

Ample testimony has already been furnished in these pages to Mr. Stewart's business qualifications, and to the work he accomplished on behalf of the Standard Bank. It has been considered by some who knew him well that as a Banker he was ahead of his times in his efforts to establish Branches of the Bank at all the leading business centres. In England during the latter half of the last century a great consolidation of Banking interests occurred. Numerous small independent Banks gave way to a few institutions with numerous Branches and commanding ample resources. This change had hardly

been inaugurated when Mr. Stewart left England, but he is generally credited with having initiated a policy in South Africa which contributed to a similar result. It is necessary, however, to point out that, while Mr. Stewart undoubtedly worked on these lines, he was really carrying out, as we have shown elsewhere, the policy conceived and laid down by the Bank's Directors in their initial instructions to the local Boards, affirming their desire that the Standard Bank should be essentially a National Bank with Branches at all the leading centres. The absorption of the smaller Banks on mutually satisfactory terms was, of course, the readiest means by which this policy could be carried out, while the large growth of the Bank's Branch system and the promptitude with which it has followed pioneers into distant fields is sufficient proof of its Board's genuine desire to serve the interests of the country.

In 1884 railway communication between the Eastern and Western Provinces had been completed by linking up the rails at De Aar. This had an important bearing in one or two directions. The Cape Government concentrated their departments, including the railway management, at Cape Town, and the question of the transfer of the Bank's Colonial headquarters, then at Port Elizabeth, came up for definite consideration. By concentrating at Cape Town, the Bank would be in close proximity to its then largest customer, the Cape Government, to whom it had

STANDARD BANK, LYDENBURG, TRANSVAAL

made advances during 1884 aggregating one million sterling. There was also the advantage of time saved in communicating with the Board of Directors in London. For a time the experiment was tried of having one of the Joint General Managers, Mr. L. L. Michell, resident at Cape Town, and the other, Mr. Edmund Thomas, at Port Elizabeth. This arrangement did not prove convenient, and, at 31st December, 1885, the remainder of the headquarters staff was finally removed to Cape Town.

Another important step, little noticed by the public but resulting from improved inland communications and of distinct advantage to the Bank's internal organisation, was the restriction of the centres of Note issue; in other words, instead of allowing every Branch to issue its own Notes, the offices of issue were restricted to three or four of the larger centres of business. While on this subject also it may be convenient to mention here that some differences of interpretation of the Note Duty Act of 1864 arose between the Cape Government and the Banks, the Government contending, notwithstanding their tacit acquiescence in the Bank's actual practice of over twenty years, that Notes of any Branch of issue even if lying in the safes of another Branch were in circulation within the meaning of the statute. Extravagant notions were prevalent among the public as to the amount involved having regard to the many years during which the alleged irregular practice

had been carried on, and sums exceeding £100,000 were freely spoken of as at stake. As regards the Bank of Africa a case was submitted to the decision of the Supreme Court whose judgment was in favour of the Government. The Bank decided, however, to appeal to the Privy Council.

The Standard Bank's case differed somewhat from that of the other institution, but after the Supreme Court's decision was given the claim was amicably adjusted by a payment by the Bank to the Government of £4,500 in respect of the alleged arrears. The injustice of the principle of compelling Banks to pay duty on any of their Notes lying in their own safes was generally admitted even by the Treasurer-General of the day, but the Government finances were not in a flourishing condition, and the expectation of an amendment of the law was not very hopeful. The Bank of Africa, however, won its case on appeal to the Privy Council, and the Cape Parliament subsequently sanctioned the refund of the £4,500 which the Standard Bank had already paid to the Government.

After the Warren expedition, which paved the way for the settlement of Bechuanaland, efforts in influential quarters were made to induce the Bank to establish itself at Mafeking and Vryburg, but it was not until the close of the decade that the prospects of business in those places sufficiently justified the step.

The Bank has always stood aloof from politics, but it may be interesting to mention that when in 1883

STANDARD BANK, MALMESBURY, CAPE PROVINCE

there was much speculation in the press with regard to the effects of the probable advent to power of a Dutch Ministry, the General Manager wrote to his Directors as follows:

"We view such a Ministry without alarm, our conviction being that the permanent interests of the country are safe and its progress sure, however slow, irrespective of the nationality of the Government of the day. The Bank's sure course is clearly to conduct its business on sound principles, to avoid controversial politics, and to anticipate its own gradual development alongside that of the Colonies in which it carries on its operations."

By the middle of the decade the financial position of the Transvaal Government was becoming seriously embarrassed. The Bank had agreed to advance them £30,000 on overdraft secured by mortgage of State property, in consideration of which it was granted immunity for its staff from liability for personal service in the event of war, the despatch of Commandos against the Natives having been an early experience of the Republic's history. In 1886, however, its position began to improve materially as the result of revenue derived from the Gold Fields.

The latter half of the "eighties" is mainly associated with the remarkable recovery of the Diamond Fields from the crisis in that industry, and for the discoveries of Gold in the Transvaal. These subjects are dealt with elsewhere. Although it was a long time before the effects of these developments benefited business not immediately associated

with the mining industries, yet it was evident that the depression which had so long characterised South African trade was passing away. Natal quickly reaped enormous advantages as it was the shortest route by which machinery, building material and general merchandise could be got up from the Coast to Barberton and Johannesburg.

A remarkable incentive was given to railway construction, and a Netherlands Company was granted a monopoly of railway and tramway construction in the Transvaal.

The Bank's contract with the Transvaal Government for the conduct of its Banking account expired in December 1887. It was renewed by mutual consent, but it was evident the Government were obsessed with the idea of having a State Bank of their own and in the following year the Volksraad unanimously agreed to authorise the Executive to grant a Banking concession to a group of Dutch capitalists with the right to issue Legal Tender Notes. Ultimately the Nationale Bank van Zuid Afrika Beperkt came into being in 1890.

As regards the outstanding features of the Standard Bank's position in the "eighties," the increase of capital to a million sterling has already been noticed. The Reserve Fund, which stood at £335,000 in December 1879, had increased to £530,000 at the close of 1889, but the £120,000 representing premium on the new issue of Shares in 1880 was more than counter-

STANDARD BANK, MASERU, BASUTOLAND

balanced by the heavy call of £130,000 on the Reserve as a result of the financial crisis in the first half of the decade. Between 1882 and the middle of 1887 profits did not permit of any additions to Reserve, but the Board's promise to the Shareholders to replace gradually the large amount taken from the Reserve Fund at the close of 1883 was fully redeemed by the end of 1889. The Dividend distributed for the half-year ended 31st December, 1881, was at the exceptional rate of 18 per cent. per annum. Thereafter it gradually sank to a steady 10 per cent. per annum, maintained during the worst years of the crisis and until the close of 1887, after which distributions steadily improved up to 14 per cent. per annum in June 1889.

The principal items in the Bank's Balance Sheets showed most gratifying progress, though only in the closing years, thus :

Note Circulation fell from £652,000 in 1879 to £345,000 in 1885, but had risen again by 1889 to £1,210,000.

Total Deposits stood at £5,133,000 in 1879, fell to £4,769,000 in 1886, but three years later rose to £9,014,000.

Total advances fell from £6,070,000 in 1879 to £4,637,000 at the close of 1886, but by 1889 had recovered and figured at £7,353,000.

There were large importations of specie during the last three years of the decade, and Cash, Short Loans

and Investments rose from £1,825,000 in 1887 to £4,802,000 in 1889. The Bank's business was thus greatly extending, with every expectation of prosperity in the future. The only cloud on the horizon, admittedly a heavy one, was the doubtful outcome of large advances at Johannesburg based on mining securities, to which special reference is made elsewhere in connection with the Gold Mining Industry.

The Bank has enjoyed relative immunity from serious losses by burglary, which is noteworthy having regard to the attractions which mining centres usually afford for desperate characters. Two instances, however, deserve to be chronicled. At Beaconsfield in February 1889 the Manager, Mr. Thomas Fraser, returned to his quarters one evening about 10.45, and was striking a light when he was seized by two armed and masked burglars, one carrying a revolver and the other a dagger. He was compelled to proceed to the Bank strongroom where he found his Accountant, Mr. R. J. H. Hutchins, who had been previously waylaid and secured. The thieves had effected an entrance by forcing a back window, and concealed themselves until the Accountant arrived. The Manager's keys were taken from him, but while one man was opening the safe, the Manager closed with the other as the latter was looking round for cord to tie him up. In the general scuffle which ensued one of the burglars dropped his revolver, which would otherwise undoubtedly have been used. Cries

for help brought in a Mr. Brown, a local diamond broker, and the brothers Watney, both members of the staff, whereupon the burglars decamped. The others gave chase and succeeded in catching one, but not before he had seriously wounded all three pursuers with his dagger. Mr. Brown's wounds were very serious, but he fortunately recovered, and was presented by the Bank with a gold watch in recognition of his gallantry. The burglar in custody proved to be an American named Pringle, who had been liberated from the Cape Town Breakwater Convict Station a week or so previously. The second man, Ferroli, was captured near Bloemhof, and while awaiting extradition escaped twice, but was re-captured. Both were desperate characters, Ferroli having been previously sentenced in France and Australia to long terms of imprisonment.

For this offence Pringle was sentenced to twelve years hard labour and 36 lashes, and Ferroli to ten years and 25 lashes. The Court complimented Mr. Fraser, Mr. Brown and the brothers Watney upon their courageous conduct.

Shortly after his sentence Ferroli made a further attempt to escape from gaol, which resulted in his sentence being extended for another eighteen months. Later on, however, both men succeeded more than once in escaping from the Cape Town Breakwater Convict Station. On the last occasion after secreting themselves for some months, apparently

on Table Mountain, they were caught while endeavouring to make their way across country to Namaqualand.

Two men walked into the Krugersdorp Branch office at 9.45 a.m. on 29th August, 1889, and locked the door behind them. Each pulled out a revolver, one covering the Manager and the other the Accountant. The third officer was out collecting bills at the time. The Accountant, Mr. F. W. Hewetson, made a dash for the street by way of the adjoining bedroom, but lost his footing and fell, and one of the men then seized him. The Manager, Mr. James Stewart, made for his room to get a revolver, which however was not in its place. He was followed by the second burglar who knocked him senseless with a heavy riding crop. When he recovered his head was lying in a pool of blood, his hands were tied behind his back, his mouth gagged with corks and a linen bandage tied tightly across it. Mr. Hewetson was lying alongside, also tied up and gagged in a similar manner. One of the men, Turpin, kept guard with a loaded revolver while the other McKeone rifled the safe. They got away with £1,935 in notes, £1,500 gold and some odd silver. Both were well mounted, but the junior officer of the Bank, Dekker, who had meantime returned and found the door locked had given the alarm, and Sergeant Tossel of the Divisional Police who fortunately happened to be riding past at the time immediately gave chase.

STANDARD BANK, MOMBASA, EAST AFRICA PROTECTORATE

Several other members of the Divisional Police followed Tossel a minute or two later. The robbers had five minutes' start and Tossel was not very well mounted and did not gain on them, but he met a civilian mounted on a race-horse which was generously surrendered for the chase. When the burglars found that their pursuer was gaining on them, they swerved out of the road and got behind a ledge of rocks some eight miles from the town. Both dismounted and emptied the contents of their revolvers at Tossel, without hitting him. The latter in turn fired four shots, hitting McKeone in the right arm. Turpin seeing that his accomplice was wounded threw up his revolver, and as the others who had joined in the chase arrived on the scene, both men were captured. They were notorious characters, and were sentenced by Mr. Justice Ameshoff to 25 years' hard labour.

The notes were recovered, but the men refused to disclose what had become of the gold and it was never found.

McKeone after several previous efforts succeeded in breaking out of prison, but was subsequently recaptured in the Orange Free State. Later on Turpin also made his escape, but was recaptured. Finally, in March of the ensuing year, McKeone again broke out of prison and, though stated to have been recognised and shot at by a constable at Vryburg in the following July, got right away.

The Bank presented Sergeant Tossel with a gold watch suitably inscribed in recognition of his gallant conduct. He was also rewarded and promoted by the Transvaal Government.

CHAPTER VIII.

THE STANDARD BANK IN CONNECTION WITH THE GOLD FIELDS.

Some reference to the Gold Fields and the Bank's association therewith, especially in the early days, may be of interest.

Gold was discovered by a German explorer in 1865 in the Bechuanaland Protectorate, though even earlier indications of the metal had been recorded, in one case within the present Witwatersrand area.

At the close of 1871 reports of Gold discoveries at Lydenburg reached the Diamond Fields, and early in 1873 the Natal newspapers published reports of the finding of alluvial gold "six hours south-east of Lydenburg."

In April of that year sixteen wagons with passengers and goods left New Rush (Kimberley) for Lydenburg, and the expectation that a payable gold field would be located seems to have been generally entertained. This conviction was apparently shared by the Bank's General Manager, Mr. Robert Stewart, who requested his Board in London to send him out such assay plant

and equipment as would enable him to take early advantage in the Bank's interest of any native gold buying business that might offer.

Small parcels of nuggets and gold dust from Lydenburg district were occasionally sent forward through the medium of the Bank, but the alluvial fields never assumed much importance, and as a result of the discovery some years later of gold reefs in the De Kaap valley most of the diggers migrated thither.

In 1886 the discovery in that district of the famous Sheba, and other reefs, led to the establishment of a Branch of the Bank in the relative township which was styled "Barberton." The Natal Bank had already opened a Branch at Moodie's.

It should here be mentioned that the officers deputed to open the Standard Bank's Branch, viz. Messrs. W. Hill Rennie, Assistant Inspector, and R. Tottenham Smith, had an unpleasant experience. Pending arrival of the Branch safe, their specie, etc., was at first placed after Bank hours in their bedroom, which was invariably occupied by one or the other officer. By the courtesy of Mr. J. C. Rimer, however, the coin was later on deposited overnight in his safe. On the first evening after this took place, the officers proceeded to the Hotel dining room together. They had evidently been closely watched, for on that evening while at dinner their luggage was taken out to the veldt and rifled, but the thieves were dis-

STANDARD BANK, JOHANNESBURG, ORIGINAL PREMISES

appointed in not obtaining anything of value beyond personal effects.

In September of the same year the Witwatersrand was proclaimed a gold field and the township was named by President Kruger " Johannesburg."

By this time the year's production of gold reached a value of £100,000.

Discoveries of auriferous reefs followed at Smitsdorp, Steynsdorp, Ottoshoop, Haenertsburg, Potchefstroom, Klerksdorp, Heidelberg, and other places in the Transvaal, at all of which the Bank opened Branches. At several of these places mining expectations were not realised, and the Branches at the four first named towns were soon withdrawn, there being insufficient general business to support a Bank.

At the end of 1887 there were 270 gold mining Companies in the Transvaal, and the Gold Fields were clearly destined to become the main support of the Republic. Speculators and promoters, however, were more active in the early days than engineers and miners. Scrip to a large amount was manufactured and flooded on all the towns in the country. The inevitable setback occurred in the value of shares in untested Companies and adversely affected the market generally. Several Companies at Barberton in fact never had more than a paper existence, yet their shares had been bought at high prices. Others had insufficient capital to defray working expenses, and the mines generally soon began to suffer either

from this cause or from dearth of labour, and the high price of fuel and material.

The only means of forwarding supplies for the mines was by ox-wagon from Ladysmith and Kimberley respectively, and slow progress was made with the transport of heavy mining machinery.

In the closing months of 1888, however, the gold share market again began to show signs of activity. This was occasioned by the interest taken in Europe in the Transvaal Gold Fields causing a large demand for the relative shares. At Johannesburg in particular speculation was rampant, public interest being aroused to a state bordering on excitement. In fact, the readiness of the public throughout South Africa to take up shares in the rapidly formed mining and prospecting Companies could only find a parallel in South Africa with the Diamond Fields mania of 1880-81. Keen interest had from the outset been taken by the Kimberley community in the Transvaal Gold Fields, and the accumulating surplus capital of the Diamond Fields eagerly sought investment there. Relatively to Barberton, the Witwatersrand mines were in especial favour owing chiefly to the easily workable character of the ground.

At the close of 1888 it was estimated that there were 15,000 to 20,000 persons in Johannesburg, and four Banking institutions. The Standard Bank had accumulated a staff of thirty men, but both its staff and its premises proved entirely inadequate

STANDARD BANK, JOHANNESBURG, LATER PREMISES

to cope with the immensely increasing volume of work. The Branch had in fact grown into one of the first magnitude. Pending improved arrangements much discomfort ensued, and coupled with the exorbitant cost of the necessaries of life, the lot of the staff was admittedly not a happy one. It may safely be asserted that at no time during the last thirty years has Banking in South Africa been conducted under such strain and stress.

The cost of building and mining materials was excessive, and pending railway construction there seemed little chance of much amelioration. At one time prices rose 300 per cent. in about two months. Many of the Companies were thus crippled which might otherwise have paid their way.

Early in 1889 a severe check ensued to the wild speculation in gold shares, and prices dropped to a much lower level.

For three months from January 1889 no returns were received at Cape Town from the Johannesburg Branch. There was overwhelming pressure of work coupled with a great and serious depletion of the staff. Other Branches throughout the service were drained of all available men to strengthen Johannesburg, and, in all, seventy-five experienced officers were sent to that Branch during 1889. At the close of the year seventy-eight officers were still on the books, a net increase during the twelve months of forty-eight. When the pressure was at its height,

during the early months of the year, telegraphic communication for some time entirely broke down, and although some persons there exchanged news with the outer world through specially arranged private services, these hardly operated in the public interests and in some cases assisted fraud.

Sanitation during these early years was defective, pneumonia was rife, and at one time through lack of transport there was an almost entire absence of food supplies, one hundred wagons having been stuck at the Vaal River with oxen dead or dying through drought.

The Bank also suffered through heavy sickness among the staff. Several deaths occurred, notably that of Mr. H. O. Edwards, the Durban Manager, who had been sent to Johannesburg on relieving duty. Like Mr. Robert Stewart and Mr. Rees Williams, Mr. Edwards came to the Standard Bank from the National Provincial Bank of England, and his career was an unqualified success. By his death at Johannesburg the Standard Bank lost a most promising Manager.

As a result of the conditions prevailing on the Rand resignations were frequent, and in spite of the grant of local allowances, men were attracted away through brokers or mushroom concerns offering them abnormal salaries. The large number of vacancies could not be filled locally, and men had to be imported from England which entailed delay and heavy cost,

while, in the meantime, with an inadequate staff, the routine work got seriously in arrear.

Other Banks, of course, had a similar experience, and it was known that in one institution the books had not been balanced for over four months, while two others were respectively ten weeks and six weeks behind. The absence at this critical period of the Johannesburg Branch Returns rendered control from headquarters virtually nugatory. Under such circumstances it was not easy for even the senior officials of the Bank to keep themselves conversant with the state of accounts. Some gross irregularities ensued, and it was a wonder that, in the prevailing confusion, frauds inside and outside the office were not more serious. Banking business was manifestly conducted under most difficult conditions. A spirit of "incorrigible optimism" in regard to the mines was everywhere prevalent. It must be remembered that few men remain long uninfluenced by their environment, and it is not surprising that even sober-minded Bank officials at Johannesburg allowed their judgment to be warped, and entertained business, which they themselves, if stationed elsewhere, would probably have been the first to criticise. It is safe to say that had the wires been working then with the present-day efficiency, and postal matter been available at Cape Town within forty hours of despatch, as at present, the undesirable transactions entertained at that time by the Banks at Johannesburg could hardly have

been undertaken. One fruitful source of loss was the incautious and, in fact, irregular negotiation of "Scrip drafts" without credits. The drafts were in too many cases either repudiated on presentation in London or other distant places, or the drawees were unable to take up the scrip the drafts were drawn against owing to a fall in the market. In either case the effect was the same—the drafts were debited to the drawers' accounts and an unusual crop of irregular overdrafts was the result. These losses, though substantial and not to be lightly condoned, were, except perhaps in one quarter, not of such magnitude, however, as to be beyond the ability of the several institutions concerned readily to face.

In 1890, after several previous attempts to remedy the confusion at Johannesburg Branch its administration was entirely reorganised under the supervision of Messrs. E. B. Gardiner and G. H. Nitch, who were appointed Joint Managers. Both were officers of long service and ample experience, and the work of the Branch under their control settled down into the well established routine grooves customary elsewhere.

The mining industry also began to develop on sounder lines. Properties encumbered with heavy nominal capital representing shares allotted to vendors, underwent reconstruction on a basis ensuring reasonable working capital. Economy in administration coupled with the advent of the railway which reduced working costs, enabled low grade mines to

pay their way. Subsequently the discovery of the Deep Level Mines assisted materially in imparting stability to the industry.

Throughout these several phases the Standard Bank rendered appreciable service to the mines.

Following on the grant by the South African Republic Government of a National Bank and Mint Concession, the Cape Government in 1893 deputed Mr. L. L. Michell, the Bank's General Manager, to represent that Colony at a Mint Conference held at Pretoria on the invitation of the Transvaal Government. The latter submitted a draft Convention dealing only with the legalisation in the South African Colonies, etc., of Transvaal-minted coins and the legalisation in the South African Republic of British coinage. It afforded no right to the Colonies or Free State to deliver gold to the Pretoria Mint for the purpose of coinage.

Upon this being pointed out, an alternative draft Convention was put in by the Transvaal Government whereby the other Colonies, etc., were to obtain such future coin supplies as they needed from Pretoria instead of London, such coins to bear an emblem and inscription of their respective Governments. It was manifest that under the first Convention there was no appreciable gain to the Cape by its adoption, while, as regards the alternative, the diversity of coinage would be a serious drawback to trade, especially to the Mining industry which employed

so much native labour. It was represented that unity and not greater diversity was wanted in South African interests. Moreover, the coins minted under the alternative Convention would have been less serviceable than British-minted ones, inasmuch as they would not have been available for shipment to Europe or elsewhere except as bullion.

It was suggested by the Cape delegate that the Pretoria Mint, which though a Government concern was leased to the National Bank of the South African Republic, should be reconstituted on a new basis as an inter-State Mint, and carried on by the two Republics, the Cape, and Natal, at joint expense and under joint supervision and control, such a Mint to issue a general South African coinage with the arms of the four States quartered thereon; these coins to be proclaimed legal tender throughout South Africa; in other words, to establish a truly national currency. With these suggestions of Mr. Michell, the delegates from Natal and the Free State in the main concurred, but after an adjournment it was intimated that the proposals were not acceptable to the South African Republic Government, and the Conference broke up.

Mr. Michell's calculations in his report to the Cape Treasurer went to show that the Pretoria Mint as then constituted could not under any circumstances be conducted without loss, a view which subsequent events confirmed. It appeared indeed to be a moot point whether even a purely South African Mint

conducted on the lines he suggested would show much, if any, margin of profit compared with the facilities offered by the Imperial Mint. The following letter was subsequently addressed to Mr. Michell by the Prime Minister of the Cape Colony :

"TREASURY, CAPE TOWN,
"CAPE OF GOOD HOPE,
"*23rd February*, 1894.

"SIR,

"*Pretoria Mint Conference.*

"In connection with your Report as delegate of this Colony at the Mint Conference recently held at Pretoria, it affords me great pleasure to convey to you His Excellency the Governor and High Commissioner's appreciation of the very able services and valuable report rendered by you to this Colony.

"I have also to enclose the accompanying extracts of copies of confidential communications, received by His Excellency from the Secretary of State for the Colonies.

"I have the honour to be,
"Sir,
"Your obedient Servant,
"(Signed) J. GORDON SPRIGG.

"Lewis Loyd Michell, Esqre.,
"Joint General Manager,
"Standard Bank."

Extracts referred to.

From Secretary of State for the Colonies
To the Lords Commissioners of Her Majesty's Treasury.

"DOWNING STREET,
"*21st August*, 1893.

"Their Lordships will observe that during the discussion Mr. Michell, the delegate of the Cape Colony, took the leading

part among the representatives of the two Colonies and the Orange Free State, and has furnished an elaborate and interesting report."

"TREASURY CHAMBERS,
"*24th November*, 1893.

"The Lords Commissioners of Her Majesty's Treasury have had before them your letters respecting the Pretoria Mint Conference, and I am to request you to express to the Secretary of State for the Colonies their high appreciation of the ability and tact displayed by Mr. Michell in the arduous and delicate position of representative of the Cape Colony."

In further recognition of Mr. Michell's services, it had been decided by the Cape Ministry to present him with a silver salver bearing a suitable inscription. Sir Gordon Sprigg's Ministry just at the time, however, went out of office, and the handsome salver was handed to Mr. Michell by Sir Gordon Sprigg's successor, Mr. Rhodes, who cordially endorsed his predecessor's action.

At the close of 1894 the great progress which the Gold Mining Industry had achieved and the substantial dividends some of the Companies were returning to their shareholders again attracted the attention of European investors, on whose account large purchases of mining scrip were made. During 1895 an inflow of capital ensued from oversea on a scale never previously experienced in South Africa. Money was abnormally plentiful; the Bank found great difficulty in employing its surplus funds, even at much reduced or merely nominal rates. In the end specula-

STANDARD BANK, JOHANNESBURG, PRESENT PREMISES

tion was again overdone, and mining securities became inflated.

The political complications in 1896 and ensuing years had a depressing effect. Coupled with these there were unnecessary burdens of taxation imposed on the mining industry by the Transvaal Government, estimated by the London *Statist* at four millions sterling, and by the *South African Financial Record* at no less than six millions sterling. European capital again held aloof and values gradually shrank until the outbreak of the war threw everything into confusion.

Towards the close of the Boer War, the Bank purchased a valuable site at Johannesburg with frontages on Commissioner Street, Harrison Street, and Fox Street, whereon in 1907 it erected a five-storied building which cost £160,000. In this the Bank has commodious offices and strong-rooms of modern type, in addition to suites of rooms on the upper floors which have been in good demand for offices. The building, of which a photo is shown, was designed by Messrs. Stucke and Bannister. It is admitted to be one of the finest in Johannesburg and a credit to the Bank.

In Rhodesia the Bank has followed the Mining Industry and assisted its development by opening Branches at every centre, and, as was done in the early days at Johannesburg, it has established Assay Offices at Salisbury and Bulawayo. All these

offices are equipped on up-to-date lines; they have materially facilitated gold buying and enabled miners and companies to obtain prompt cash for their output or substantial advances pending its realisation through the Bank's medium in London.

As is well known, South Africa has for some time past assumed the leading position as a contributor to the world's output of gold. The total production in the Sub-continent during the last forty years amounts in the aggregate to about £386,000,000 sterling at the 31st December, 1912. Of this enormous yield about one-third passed through the Bank's hands.

CHAPTER IX.

THE HISTORY OF THE STANDARD BANK FROM 1890 TO 1899.

THE outlook at the opening of the new decade was, from a banking point of view, somewhat complex. Political changes having an important bearing on the trade prospects of the country, the establishment of the British South Africa Company involving considerable expansion in the north, an influx of population and rapid railway development, all favoured improved business, and the Bank had responded by opening Branches at Vryburg and Mafeking. On the other hand, stagnation in the share market had taken the place of the wild speculation of 1888-89, and the setback had left heavy outstandings at Johannesburg and seriously affected some firms and institutions at Kimberley, Cape Town, and other places.

In February 1890, the Wellington Bank was taken over by the Standard Bank. Overtures had been previously made to them by the Western Province Bank and the Cape of Good Hope Bank, but the

Wellington Bank Directors had been well satisfied with the manner in which their Agency had been conducted by the Standard Bank and preferred dealing with it. Their preference was confirmed by the shareholders. Of the Wellington Bank's assets the Standard adopted £35,771 and paid out liabilities aggregating £53,917, the balance of £18,146 remaining as an overdraft in the name of the Wellington Bank, secured by pledge of their unadopted assets of £34,476, which the Standard Bank collected in the usual course. The balance went to repay the Wellington Bank shareholders their capital and reserve which amounted at the time to £15,390.

The Bank Statements generally, as published in 1890 under the Cape Act of 1865, indicated a contraction, though in contrast with other institutions the Standard Bank's Note Circulation and Deposits showed substantial increases. The fact was that the continued shrinkage in the value of Mining share securities was telling upon some institutions heavily involved, and the middle of 1890 saw the collapse of the Union Bank, followed a few weeks later by that of the Paarl Bank and the Cape of Good Hope Bank. There was also a serious run on the Natal Bank, and telegrams arranging for its assistance by the Standard Bank were passing when the Natal Government intervened and allayed public anxiety. Commenting on the success of the Natal Bank in weathering the crisis, the *Natal Mercury* remarked :

STANDARD BANK, MOSSEL BAY, CAPE PROVINCE

"What the Cape Government and the Cape Colony owe to the good services of the Standard Bank may perhaps never be properly understood any more than we are likely to learn what this Colony (Natal) has owed to the salvation of the Natal Bank from a fate which at one moment seemed to menace it. Had it not been for the considerate policy of the Imperial Banks and for the upholding of our local Institution, the year's retrospect would have worn a different complexion."

Reverting to the Union Bank, its weakness had for some time been notorious, and with the view of averting a crisis the Standard Bank had readily responded to appeals for assistance. The aid thus given would, it was generally believed, have proved effectual but for the inability of one large customer of the Union Bank to meet heavy obligations, and his confession that the paper on which mainly they were based was forged. The collapse of the Union Bank was then inevitable.

Subsequently it was found that the general distrust was causing clearances to run heavily against the Cape of Good Hope Bank and the assistance of the Standard Bank was sought. The late Mr. Rhodes, who had been a customer of the embarrassed institution and was then Prime Minister of the Cape, made personal appeals on its behalf. Help would of course have readily been granted by the Standard Bank, and was in fact assured, subject only to the essential of security in due legal form. This condition the Chairman of the Cape of Good Hope decided could not be complied with in view of a specific clause

in their Trust Deed bearing on the actual position of the institution. Opinion among the Cape of Good Hope Bank's Directors was divided, and the Standard Bank could not determine the point at issue without a close examination of the other institution's books. The impatience of the public, however, did not admit of delay, and as eminent Counsel were of opinion that the statement of the Chairman of the other Bank could not be ignored, it was impossible for the Standard Bank to render assistance to its neighbour.

Creditors in the Union Bank were paid in full, but shareholders had to pay calls amounting to £185 per share, of which £65 16s. 9d. per share was refunded to those who had paid their calls in full.

The liquidation of the Cape of Good Hope Bank resulted in the payment to creditors of £0 19s. 7⅜d. in the pound.

One effect of the crisis was a general shrinkage in the Note issues of the various Banks, but, whereas that of the Standard Bank diminished by 15 per cent., the circulation of other Banks shrank 60 per cent. The confidence of the public in the Standard Bank was shown by the fact that it held on Floating Deposit more than three times the amount entrusted to all the other Banks put together. Its advance business also amounted to double that of all other South African Banking institutions.

Many of the farmers in the western districts were shareholders or obligants of one or other of the

insolvent Banks, and, with Phylloxera ravaging their vineyards, were crippled or ruined through the untimely calls made upon them.

In the country generally there was considerable disturbance of credit, happily not of long duration but marked by exceptional severity, and the effect on certain old established firms and individuals was disastrous. Enforced economy was noticeable and speculative enterprise was dead.

Serious complications also threatened the London money market and reacted prejudicially on South Africa by withholding capital.

The passing into law of the Cape Bank Act of 1891 was a further outcome of the Banking crisis above referred to. The Honourable John X. Merriman was Treasurer of the Colony at the time and was responsible for the measure, in conjunction with the then Attorney-General, now the Honourable Sir James Rose-Innes, one of the Judges of the Appeal Court of the Union.

The main provisions of the Act concerned the right of Note Issue and the publication of Bank Statements. In the Cape Colony the taxation of Notes had been regulated by an Act of 1864, but issues were unsecured, and, as far as the Imperial Banks were concerned, unrestricted. The collapse of three Banks the previous year had to some extent discredited the Notes of other institutions, and some fresh legislation seemed called for. The new Act required all Notes issued in the Cape Colony to be based on Government

securities lodged with the Treasurer, and the Notes were made legal tender. The measure was expected to favour an expansion of Note issues and enable the Banks to conduct business on smaller specie reserves. The previous Note Duty of 1½ per cent. was reduced to 1 per cent. On the other hand, it compelled the Banks to lock up in Government securities an amount at least equivalent to their circulation, and subject to severe depreciation in value, for which provision has had to be made in the annual Balance Sheets.

The successful passage of the Bank Act through the Cape Parliament was due in part to the fact that the Treasurer of the Colony freely consulted the Banks and the Chamber of Commerce, and although opposition arose in certain quarters, the Standard Bank gave the measure its hearty support.

The National Bank of the South African Republic (now the National Bank of South Africa, Limited) opened for business during the first half of 1891 under a concession granted by the Transvaal Government, and by the middle of 1891 the African Banking Corporation, Limited, had also established itself in South Africa and acquired a considerable portion of the business of the late Cape of Good Hope Bank, in addition to which it assisted in consolidating banking interests by taking over the Kaffrarian Colonial Bank, the Western Province Bank, and the Worcester Commercial Bank.

The publication of Statements of Assets and Lia-

bilities was previously governed by an Act passed in 1865. The Act of 1891 remodelled the relative schedule on more up-to-date lines.

All the Banks were also required to lodge with the Registrar of Deeds as at the 31st December in each year a list of their Shareholders and Directors, with full particulars of addresses and occupations and of the amount paid on each share, and also to keep a Register of shareholders at their respective chief offices in the Colony.

This Act which has since remained without amendment has on the whole worked well.

By the middle of the ensuing year there were signs of recovery from the Banking disasters and the speculative mania of 1888-89 which had brought them about. Landed property in the Western districts, previously seriously depressed, began to rise in value, the position of the mining industry was distinctly improving, and business generally was profiting by improved produce markets and the more cautious business methods pursued. The result was reflected in the Bank's earnings, which gave the first indication of improvement for some years.

The first Rhodesian Branch—that at Salisbury—was opened on the 20th July, 1892. Commissioners from the Cape Colony had visited Mashonaland and reported:

"That a large tract of land, at least 40,000 square miles, was well adapted for Colonial purposes and for settlement by European people with a fair prospect of remunerative results."

In 1893 the long drawn out Banking crisis in Australia began, which by checking purchases in Europe of South African gold shares and diamonds redirected public attention to the relative ease with which South Africa had emerged from its own considerable disasters. The Standard Bank in particular had remained unaffected, and the steady maintenance of its dividend and especially the growth of its reserve fund inspired general confidence.

Men who had received their training in the Standard Bank were in great and growing demand, and some of the principal financial institutions of the country were then administered by officers formerly in the Bank's employ. There was at this period a great demand for clerical assistance. Vacancies were rapidly occurring and all applicants for employment possessing satisfactory qualifications were easily absorbed. On the other hand, much difficulty was experienced by the Bank in replenishing its own staff, and a considerable number of trained clerks had to be imported from England.

By the middle of 1890 the Bank's Branches were located as follows :

In the Cape Colony - - -	49
Natal - - - -	7
Transvaal - - - -	12
Bechuanaland - - -	2
	70

It is noteworthy, however, that eight divisions, including the largest in the Cape Colony, were so undeveloped as to possess no Branch of any Bank, viz. Namaqualand, Calvinia, Kenhardt, Carnarvon, Fraserburg, Hay, Prieska, and Van Rhynsdorp. There are now twelve Banking Offices in these divisions, of which eight belong to the Standard Bank.

About the middle of the decade there was a marked change in the financial circumstances of South Africa. The exchange position, which a few months previously had been at a point rendering export of specie from South Africa remunerative, was now entirely reversed as a result of the large output of Native Gold and the inflow of European capital so that it became necessary to import specie. Money was abundant and the demand for accommodation very moderate. The buoyancy of the share market facilitated recovery of some doubtful debts resulting from the speculative period, and outstandings generally were placed on a sound footing. The Bank's Fixed Deposits increased by nearly £800,000 and Floating Deposits by £4,200,000. On the other hand, Advances declined by nearly a million sterling within the same period. Owing to this cause the Bank's earnings in South Africa shrank considerably and were reduced to the lowest figure for many years notwithstanding the large expansion of its business. The following causes accounted for this remarkable state of affairs:

(1) The restricted need for Banking accommodation, as a consequence of the large release of capital represented by Mining securities sold to European purchasers.

(2) The large investments of European capital had the effect of lowering the value of money in South Africa.

(3) The increasing tendency to transact business on a cash basis, thus lessening the demand for Bank advances.

(4) The establishment of new institutions, and the enforced lowering of the margin between discount and deposit rates as a consequence of the keener competition among the Banks.

(5) The inability of Branches to draw against the large remittances to London from the mining centres necessitated heavy shipments of specie from London, while still leaving an accumulation of large unremunerative funds at the London Office.

These causes were in some respects temporary and disappeared as business developed.

There was a remarkable absorption of specie in South Africa; the aggregate importations exceeded £3,000,000 in six months, of which the Standard Bank alone imported over $1\frac{1}{4}$ millions, though the nett increase in its coin holding during that period was only £500,000. It was evident, however, that

South Africa was commanding the attention of capitalists to an extent never previously known, and, as had been the case in Australia and California, mining enterprise in South Africa proved to be the forerunner of an inflow of capital for the development of the resources of the country generally.

At the close of 1895, Mr. Edmund Thomas, Joint General Manager, who had been for some time in failing health, retired from active service. Mr. Thomas was held in high regard by business men, while his subordinates esteemed him for the fairness with which strict discipline was associated with the generous recognition of loyal and meritorious service. Under his administration and that of his colleague Mr. (now Sir) Lewis Michell, the Bank had greatly developed its business and was in a strong and prosperous position. Mr. Thomas subsequently resided at Wynberg where he died in 1906.

On the day following his retirement, viz. on 1st January, 1896, Mr. Michell, who then became sole General Manager of the Bank, was suddenly faced with the complications ensuing from the Raid across the Transvaal border. South Africa was, of course, immediately seething with excitement, and grave fears were entertained as to the safety of the Bank's assets should rioting occur in the state of lawlessness which then prevailed along the Reef.

During the short period which elapsed before Johannesburg laid down its arms, the Provisional

Government of the town supplied to the Bank a guard of six armed men, but the Branch mainly relied upon its own staff. The building was provisioned to stand a siege, barricaded with sandbags, and due precautions were taken against fire, armed Bank officers keeping watch inside the office during the night. It was recognised that from the Boers the Bank had nothing to fear, unless the town was shelled by the Krupp guns in position outside.

On the 11th January, after the town had surrendered, the Johannesburg Branch Manager received a call from three members of the Transvaal Government Special Commission then sitting intimating that it had been reported to them that ammunition was stored in the Bank's vaults. They were assured that the Bank had nothing concealed and a cursory inspection of the strong-rooms easily satisfied them on the point.

The Raid was followed by depressed markets and restricted business, while the effects were accentuated by severe drought and a visitation of locusts over almost the entire country. In Oudtshoorn lucerne crops were destroyed, and in Natal small cultivators were rendered practically destitute. Matters were further aggravated by the spread of Rinderpest and by a state of partial famine in Bechuanaland, Namaqualand and Calvinia. Cape trade, moreover, with the Transvaal was for a time paralysed by the closing of the drifts on the Vaal River, resulting in a serious block of traffic at Viljoen's Drift, until the

THE BANK AND LAAGER, BULAWAYO, RHODESIA, IN MATABELE REBELLION OF 1896-97

Imperial Government after reference to their Law advisers declared such closure to be an infraction of the London Convention. General unrest prevailed throughout South Africa, and the political complications reacted seriously on Banking business, which became increasingly dull, idle specie accumulated in the Bank's coffers, and the general restlessness coupled with the enhanced cost of living had also a disturbing effect upon the staff.

In Matabeleland a serious revolt of the natives occurred in March 1896 and spread to Mashonaland. The whole of the white population at Bulawayo, Salisbury and Umtali were placed for a time in laager. At Bulawayo the officers of the Bank, who were fully armed with rifles, slept in the banking hall and on the roof of the strong-room, which was made into a small laager.

At the request of the General Manager of the Bank of Africa, the coin held by his Bulawayo and Salisbury Branches was placed in the Standard Bank's strong-rooms at those points, the Bank of Africa having no such accommodation.

There was little fear of a successful attack on the towns, but these were practically isolated and the Bank's officers had a trying time, having to take their turn at duty on fatigues, and guards, and share privations due to inadequate food supplies, etc. Their loyalty was rewarded by the grant of special war allowances.

Rinderpest had left the country without means of transport, and some idea of the difficulty of securing the necessaries of life may be gathered from the fact that the cost of transport from Chimoio to Salisbury rose within twelve months from 11s. to 20s. per cwt. to £8 to £10 per cwt.

The Bank maintained a strong position throughout this year of anxiety and at its close its liquid and readily convertible assets amounted to £12,411,000, against liabilities to the public in respect of Notes in circulation, amount due on current and deposit accounts, and drafts and acceptances outstanding, amounting to £15,153,000, giving a proportion of nearly 82 per cent. available.

Altogether the year 1896 was, with the exception of the period embraced by the subsequent Boer War, one of the stormiest and most unsettled through which South Africa had passed. There was naturally some curtailment of profits at the South African Branches, but the Bank's business generally was sound and carefully selected, so that there was remarkable immunity from bad debts. It said, indeed, much for the healthiness of South African business generally that the country should have been able to pass through the ordeal of the years 1896 and 1897 without precipitating a financial crisis.

In 1896 Mr. Henry Frost, who had served under Mr. Robert Stewart in the General Manager's Office at Port Elizabeth, and who had since 1879 been the

Bank's Secretary in London, retired from active service. In his place the Board selected Mr. H. Shelton Corbett, who at the time was Assistant Manager of the Johannesburg Branch. The new Secretary had had useful experience at various Branches, and possessed a close acquaintance with South African customers and business, acquired by long residence in the country.

The Directors some years later referred to Mr. Corbett as "an admirable Secretary, whose knowledge and skill were of the highest service to them, and who was indefatigable in his attention in everything that would promote the interests of the Bank."

Mention should be made of a daring attempt to rob what was at the time a small Agency of the Bank at Claremont, a suburb of Cape Town, in November 1897. The circumstances were as follows:

One afternoon at three o'clock the junior clerk, Mr. N. W. Fraustaedter, was about to close the office door when a man entered, shut the door behind him, and shot the clerk dead on the spot. Mr. F. G. Westcott, the officer in charge and the only other member of the staff, at once fired, hitting the robber in the chest, but the revolver was a very small one, and the man, in addition to two suits of clothes had on a padded protector, so that the shot had little effect. He then fired three shots at Westcott, all of which missed him, and the two closed. The assassin was a powerfully built man, whereas the Bank's

officer was by no means robust, and consequently got much the worst of it, receiving some eighteen scalp wounds from the butt-end of the revolver, his own weapon getting jammed in the struggle. Mr. Westcott, though bathed in blood, pluckily held on, and a neighbour hearing the shots called the police who burst into the office; thereupon the robber shot himself with his last bullet and was secured. He died shortly afterwards in the gaol hospital.

The Agency was on the main road—a crowded thoroughfare,—and close to the police station. Mr. Westcott might therefore have been excused had he been unprepared for such an unexpected attack, and had he possessed a more effective weapon, the intruder would with little doubt have been killed at the outset. He was warmly congratulated upon the spirit he displayed, and his conduct was suitably recognised by the Bank. Much public sympathy was expressed for the parents of the deceased lad Fraustaedter, the family being highly esteemed in the neighbourhood.

At the close of 1897 Mr. Rees Williams, who on Mr. Thomas's retirement had been appointed Assistant General Manager, also retired on pension. Mr. Williams, like Mr. Robert Stewart who originally arranged for his appointment to the Standard Bank, had graduated in Banking in the National Provincial Bank of England. He was employed in various capacities, but is chiefly remembered as an Inspector, than whom the Bank has had none more efficient.

Few men saw more of the rough-and-tumble of Banking in South Africa from the "seventies" onwards than Mr. Rees Williams. When the crisis occurred in Cape Town in 1882-83, he was placed in charge of the Branch there prior to the appointment of Mr. Edmund Thomas. Mr. Williams, whose service with the Bank covered a period of 25 years, resided after his retirement in Wales, and died in 1910. He was unmarried, and through careful saving and cautious investment left £91,000, which for a Banking man must be regarded as a substantial fortune.

In 1898 Rhodesia gradually came more into prominence in a business sense. The railway from Mafeking to Bulawayo had been opened in the preceding November, while that from Beira to Salisbury already partially opened, was completed in 1899. Owing to the state of the Transvaal, capital was for some time withheld from that State, and funds, in some cases, were actually withdrawn to fertilise Rhodesia and improve the Port of Beira.

The troublous times inaugurated in South Africa at the commencement of 1896 continued through the whole of the second half of the decade. The native rebellion in Rhodesia had not subsided before outbreaks occurred in Bechuanaland and Pondoland, while lawlessness was alarmingly prominent in the Transvaal. The effect also of rinderpest and drought continued deplorably evident. Excessive demands were made on the Bank's resources, and

in the circumstances of the country it became particularly necessary to restrict accommodation within limits and with special regard to security and general safety.

The Bank's business in South Africa at the close of 1898 was represented by fixed and floating deposits of £8,182,000, against which it had assisted the public with Advances aggregating £8,155,000, a substantial portion of the latter being with the farming population, and there appeared little doubt that, when the circumstances which were unfavourably affecting business were removed, the Bank could find remunerative employment for additional capital. The Directors responded to the General Manager's suggestion in this direction, and in the first half of 1899 the Bank's Subscribed Capital was increased by £1,000,000, with £250,000 paid-up (less a fraction taken up in the following year) by the issue of 10,000 shares at a premium of £30.

The building up of the Reserve Fund during the "nineties" had received the Directors' solicitous attention, and the wisdom of this course has been abundantly justified. From £550,000 in 1890 it rose to £860,000 at the close of 1898, when, by the addition mainly of the premium on the new shares, it was further augmented by the close of 1899 to £1,167,820.

In October 1899 hostilities broke out between the Boer Republics and the British Government, which lasted for two and a half years, and the Bank's

experiences during that period are dealt with in a separate chapter.

Just before the outbreak of the war a series of frauds of an alarming nature was discovered at Johannesburg Branch. The person implicated was Jonathan King.

It should be explained that prior to the war the necessity for improved clearing arrangements between the Banks led to the adoption of a Clearing House System, with the organisation of which King and one or two of his senior officers were mainly associated. As the other officers left the Branch or were transferred to other duties, more dependence was placed upon King, who became the head of the Clearance Department. He had been ten years at the Branch, was an able officer, and came to be the more relied upon and trusted in his special sphere of duty.

Into the technicalities of the frauds it is unnecessary to enter, beyond stating that they were committed by means of the Clearances with the other Banks, and concealed from detection from time to time by passing false entries, and skilfully reversing them, through the Branch account with the Cape Town Office. The frauds were aptly described by the Inspector who investigated them as "unique in Banking experience."

Such measures were taken as would quite preclude the possibility of recurrence.

King was sentenced to six years' hard labour.

CHAPTER X.

THE HISTORY OF THE STANDARD BANK DURING THE TRANSVAAL WAR (1899-1902).

When it was realised that the negotiations between President Kruger and the High Commissioner were not likely to lead to any improvement in the Republic's relations with the British Government, much uneasiness began to manifest itself at Johannesburg and elsewhere in the Transvaal, and many women and children were sent away.

In September, 1899, the Banks there served notices, each on the others, that undrawn clearance balances would in future be held for safe custody only, and entirely at the risk of the creditor Bank.

By the middle of that month there was unparalleled distrust, and a general exodus from Johannesburg ensued. Members of the Uitlander Council, the old Reform Committee, and prominent financiers left *en masse*, also large numbers of Cornish miners, while natives returned to their tribes. Meetings of Boards of Directors almost ceased owing to inability to form a quorum.

STANDARD BANK, OUDTSHOORN, CAPE PROVINCE

There was much distress among the refugees at Cape Town and elsewhere. A Relief Fund had been opened, of which the High Commissioner was Chairman, and which was assisted by liberal subscriptions in England. Of this Fund the Bank's General Manager, Mr. L. L. Michell, at the request of the authorities, undertook to act as Treasurer, and the Bank itself contributed £1,500, in addition to effecting the transfer of the funds from England and throughout South Africa free of charge.

The bulk of the Bank's securities at Johannesburg had been conveyed to Cape Town at an earlier stage of events, and the safes and strong-rooms at the Branches on the coast were filled with customers' securities and valuables. It became, in fact, necessary to instruct the Transvaal Branches not to send down further packages for safe keeping on account of customers, owing to lack of accommodation.

A week or two before the outbreak of hostilities the Bank was approached through an institution, now defunct, with the request to underwrite half a million or a million sterling in 4 per cent. Debentures on behalf of the Republic to enable it to issue legal tender notes which were to be redeemed ultimately by the flotation of the Debentures. The Bank declined the business.

Another method of providing means to finance the war was almost immediately afterwards resorted to. The Transvaal Volksraad, in secret session, had

apparently authorised the Government to confiscate all Native Gold on which it could lay hands. Consequently, nine days before hostilities commenced, the Gold sent down to the Mail Train at Johannesburg for shipment to Europe was removed under guard to the Pretoria Mint.

Amongst it were consignments for the Standard Bank, London, amounting to £87,910, representing Gold in which the Bank was interested by advances or purchases, or which it was shipping on behalf of customers.

The Government also seized the Bank's letters, etc., containing Native Gold valued at £3,080. Shortly afterwards the entire stock of Native Gold on hand at the Bank was taken, that from the Standard Bank amounting to £46,000. This was all the property of customers, who had, however, indemnified the Bank in respect of responsibility for capture or theft, and, in point of fact, the Bank suffered no loss in connection with any of these seizures of Native Gold, as they were protected by Insurance in every case.

War was declared on the 11th October, 1899, and the greater number of the Bank's staff at its eleven Branches in the Transvaal were expelled from the country. Men were sent away in cattle trucks, and refused permission to carry personal luggage. This movement of refugee officers entailed much discomfort for those concerned and expense to the Bank.

Permits to remain in the Republic were granted to a limited number of officers representing the minimum required to carry on a much restricted business. Thus, at Johannesburg, out of a total staff of seventy-six, fourteen officers and three messengers remained, and these were sworn in as Special Constables for the enforcement of order in the town and the protection of the Bank's premises. Sleeping accommodation was provided for them on the premises, and they were divided into watches for duty during the night.

Just prior to the outbreak of the war the Bank's General Manager, Mr. L. L. Michell, who was then at Beira on his way to Salisbury, received information leading him to think that war was imminent. He therefore proceeded at once to Pretoria, *via* Delagoa Bay, and invested Mr. Ferris with full control of Transvaal Branches in the event, as seemed inevitable, of communication with headquarters being cut off. Transvaal Managers were simultaneously instructed to refer in need to Mr. Ferris, who had ably administered Pretoria Branch since the retrocession of the Transvaal in 1881, and whose intimate acquaintance with President Kruger and the State officials rendered him eminently fitted to advise as necessity arose.

The Managers had also been authorised in ample time to lay in a stock of provisions at the Bank's expense, and every Branch did so. Subsequently, in recognition of the inconveniences and risks the staff

in the Transvaal were incurring, it was decided to double certain allowances they were drawing.

In April, 1900, owing to an explosion at Begbie's Foundry, Johannesburg, where shells were being manufactured at the rate of a thousand a day, the Transvaal Government decided to expel further British residents, including a number of the Bank's remaining staff. As a result, the night police duty at the Branch hitherto carried on from 8 p.m. until 4 a.m. was found to be no longer practicable, and two armed constables were substituted outside the premises at night, while the Bank's native boys kept guard inside. Everything was done to ensure the safety of the building. Water tanks were kept filled and fire apparatus was maintained in good working order. Fire drill was held, and sandbags containing tailings were kept ready for emergencies.

Martial Law had been proclaimed in the two Republics, in the Northern districts of Natal, and in the Divisions of Cape Colony north of and adjacent to the Orange River. Within a fortnight of the outbreak of hostilities the Transvaal was virtually possessed of Bechuanaland and Griqualand West, and had annexed these territories to the Republic. Kimberley and Mafeking were invested, and Newcastle and Dundee had fallen.

Newcastle was the first Branch to come under control of the invading Republican forces. The British General had decided not to hold the town,

STANDARD BANK, PENHALONGA, RHODESIA

and on the arrival of the Boers the Bank's specie was seized, but on representations being made to General Joubert it was restored. Subsequently no news came through for several months, but in February, and again in May, 1900, it was ascertained that the Branch cash was intact, and that the Manager, Accountant, and clerk were all at their posts. The clerk escaped special notice, though had it been known that he was a Transvaal burgher he would without doubt have been commandeered.

In June, news came through that on the 15th May the resident Justice of the Peace had demanded the cash balance of the Branch amounting to £1,552. A telegram, purporting to come from the President at Pretoria, was exhibited authorising the seizure of the funds of Public Bodies and of persons who had fled. The Bank's Manager did not, however, acquiesce until shown a second message from the same quarter, containing instructions to commandeer the coin which had been counted when the town was occupied. Even then the Manager did not submit until he learned that the Manager of another Bank had been arrested for non-compliance and the burning of his premises threatened; thereupon, acting under *force majeure*, the Standard Bank Manager complied, taking a formal receipt, and being allowed to retain a small amount to meet current expenses.

Vryburg, also, was isolated at an early stage of the war. The Bank's Manager was allowed to remain

in the town, and one of his clerks, of Dutch extraction, joined the Boer forces. Others refused to do so, and, with the British residents generally, numbering several hundreds, were expelled. They were deported first to Christiana, where, however, the Landdrost refused them permission to remain, and they were sent back to Vryburg. Subsequently, by a circuitous route and after suffering considerable privations, a number of them reached Hopetown at the end of December, 1899. Others reached Barkly West and were stranded there for lack of transport until relief was sent by the High Commissioner. Mr. W. S. Staynes, of the Vryburg Branch staff, did not arrive with the others, and for some time was missing; but he reached Cape Town on the 18th February, having been expelled from Vryburg with other refugees on the 20th November. It appeared that the various Boer commanders had sent his party from one place to another, and they suffered great hardships, until Judge Hertzog, of the Orange Free State, procured them a pass into Lord Methuen's lines at Modder River.

Another of the Bank's Vryburg staff, Mr. W. A. Mitchell, disappeared, and his fate for a long time was unknown. Later on, it was ascertained that he had ridden through the Boer lines and reached Mafeking, where he joined the Bechuanaland Rifles and served throughout the siege. Subsequently, while despatch-riding, he was captured by the Boers near

Zeerust, but eventually he reported himself at the Pretoria Branch and resumed clerical work.

When the Boers took possession of Vryburg, the specie in the Bank's coffers had been reduced to £3,800. Four months later, although the town was isolated, the cash had risen to £9,400, and it was largely due to the tact displayed by the Manager, Mr. J. G. B. Watney, that it was not commandeered when the Boers left.

The Dundee Branch cash and securities were sent down to Ladysmith upon advice of the Right Honourable Harry Escombe, K.C., who was in northern Natal at the time. Mr. Escombe was the Bank's Standing Counsel in Natal, and was apparently much upset by the outbreak of hostilities. By his untimely death shortly afterwards, South Africa and the Standard Bank lost a trusted friend and counsellor.

The Dundee Branch Manager, Mr. R. W. Hartwell, and his Accountant intended to remain at the Bank, but, with the male residents generally, were ordered to take up positions under direction of a military officer on the hills around the town. The idea evidently was to deceive the enemy, as the British troops meantime were retiring, and when they had effected a good start the civilians were advised to retire also. The march to Ladysmith which then ensued, and for which few were prepared, involved a good deal of hardship.

On arrival of the Dundee specie, etc., at Ladysmith, the outlook there had been found so unpromis-

ing that the valuables were sent on without delay to Pietermaritzburg. Similarly, the Branch at Ladysmith was recommended by the officer commanding to close down. Its specie was taken over by the Military against an order on the District Paymaster at Pietermaritzburg. During the siege the Field Paymaster issued cheques to the value of over £100,000 on the Ladysmith Branch, so that when the place was relieved the business people had over four months' collections on hand, and great satisfaction was expressed at the Bank's re-opening. One of the Ladysmith Branch staff, Mr. N. W. Ayson, remained in charge of the premises, but the town became very insanitary as the siege continued, and Mr. Ayson suffered severely from enteric fever. He was removed with other non-combatants to a neutral zone. During the bombardment his bedroom at the Bank was demolished by a 96 lb. shell.

The Estcourt Branch assets were also sent down to Pietermaritzburg, but the safety of the latter town was for a time considered so uncertain that arrangements were made for the specie to be sent to the coast, and, with that at Durban, to be placed on a warship.

At Kimberley it was estimated that there were 10,000 whites and 20,000 coloured people when the town was invested, and the place was not specially provisioned against a long siege. The Beaconsfield Branch was closed and its assets removed into Kimberley. Messages were received and transmitted from

the beleaguered town to the outside world by heliograph and searchlight, and transfers of funds for large amounts were made through the Bank by these means. Specie went largely out of circulation owing to hoarding. For five days before relief came it was necessary to close all the Banks, as the Boer Creuzot gun was firing 100 lb. shells and no portion of the town was safe. The Bank's Manager, Mr. F. B. Shotter, spoke highly of the loyalty of the staff, who stuck to their posts throughout the bombardment until it became imperative to close down. This was subsequently recognised by the award of substantial honoraria. Many of the Bank's officers were upon active service with the Town Guard or Volunteer forces.

The Accountant of the Branch, Mr. J. Johnston, was found, when the siege was raised, to have suffered so severely from the strain that he lost his memory. He was granted long leave, and sent under escort to his friends in Scotland. On his return he was stationed at Port Elizabeth, but never recovered his health, and died shortly afterwards in the Hospital there.

The Kimberley Manager, also, and his wife, as well as some other members of the staff, suffered more or less severely in health.

At Mafeking, three days after the outbreak of the war, the Bank's Branch was closed, and the fact notified to the General Managers by the following

message: "All well, closed since 14th October." This was dated Mafeking, 12th December; it took twenty-eight days to reach Kimberley, where it arrived on the 9th January; it was re-despatched thence by night on the 18th idem, but took another thirteen days to reach Modder River, relatively a few miles off. The incident illustrates the difficulties and delay experienced in communications from and to certain Branches of the Bank in the area of hostilities. Subsequently, for the convenience of the public, the Branch was re-opened for a few hours on Sundays, as on that day firing was always suspended.

Further news was received on 28th February, dated Mafeking, the 9th of that month, to the effect that, in consequence of the Boer bombardment, the Bank's business was being conducted underground in commodious bomb-proof offices!

A later message was received, dated Mafeking 13th May, which was the date of the final determined attack upon the town by the Boers, but it merely requested a supply of stationery to enable the Branch to compile its half-yearly returns to 30th June. By special runner sent from Kimberley, however, news was received from Mafeking dated 28th May to the effect that the staff was fairly well, though requiring complete rest and change. They had been exposed since the middle of October to almost incessant bombardment, and there was a considerable amount of sickness due to exposure and short rations. All

STANDARD BANK " DUG-OUT " PREMISES AT MAFEKING DURING THE SIEGE, 1899

apparently had been taking an active share in the defence, and, on the relief of the town, were given liberal leave.

It was then ascertained that the Bank premises had been shattered by one of the big shells and only certain rooms were habitable, while ample evidence of the strain to which the inhabitants had been subjected for so many trying months was apparent. There was scarcely a house which had not been shattered by the Boer artillery. It appeared that the Bank had been of great assistance to the Military Authorities and cashed Treasury Drafts on the Cape Government running into many thousand pounds.

At the suggestion of Colonel Baden Powell a Garrison Deposit Bank was started, of which the Standard Bank's officials took charge. Its business was conducted in an underground "Dug-out" six feet in depth and consisted in receiving from troopers and Indians amounts over 10s. as fixed deposits repayable without interest after the siege. A sum of over £8,000 was thus deposited.

As money went out of circulation Colonel Baden Powell issued Siege Notes and "Good-fors" bearing the counter-signature of the Bank's Manager. These were of denominations of £1, 10s., 3s., 2s., and 1s.

After the relief of the town the Manager, Mr. R. B. C. Urry, received a letter from the Chief Paymaster of the Garrison thanking him for "valuable assistance

rendered in financial matters during the siege." This letter was endorsed by Lord E. H. Cecil, Chief Staff Officer, who added thereon: "Owing to Mr. Urry's endeavours, many financial matters which might have caused great trouble had been brought to a satisfactory issue."

Following upon the British reverses in the early stages of the war and the advance of the Boer Commandos, other Branches of the Bank were closed. The assets of those at Aliwal North and Burghersdorp were sent to Queenstown. Those of Colesberg were sent to Naauwpoort, where, as at De Aar, the Bank had opened for the convenience of the military. Lady Grey Branch retired on Queenstown, Barkly East and Indwe on Dordrecht. Steynsburg's assets were sent to Cradock, and those of Britstown to De Aar. The entire mail service by sea and land was dislocated and correspondence and administrative control were conducted under exceptional difficulties. By the 1st November nineteen Branches of the Bank, or more than one-fifth of the whole, were inaccessible to Head Office, while in the case of the Bank of Africa thirteen Branches out of twenty-nine were cut off. Simultaneously, the area within which Martial Law was enforced was extended.

The Cape Government had done nothing to protect the frontier districts, and at one time the work of as many as six Branches of the Bank was being carried on at Queenstown, to which place they had

NOTES ISSUED DURING THE SIEGE OF MAFEKING

retired when their respective districts were occupied by the intruding Boers.

Race feeling ran high. Many of the Dutch Colonials were placed in a trying position, and a number joined the Boers as the only visible force able to preserve public order. One or two of the Bank's staff also joined them, but a much larger number joined the various irregular forces operating with the British troops or had been called out with the Volunteer Regiments of which they were members. It would have been impolitic, had it been possible, to throw obstacles in the way of defending the country in the emergency, but the resulting inconvenience to the Bank was extreme, inasmuch as, although advance business was restricted by the war, current account operations were steadily increasing and the volume of counter work at the Branches was in excess of all previous records.

Upon the relief of Kimberley and the advance of the British troops on Bloemfontein, and in Natal, a number of the closed Branches were re-opened. At Dundee, where the Boers had been for six months in occupation, the Bank's premises and heavy furniture were found intact, but the safe keys would not work, and it was then ascertained that certain locksmiths from Pretoria had been employed for a number of days during the occupation in opening the Dundee Branch safes. Holes had been drilled in the strong-room door, which, for some reason or other, were

carefully filled up, riveted and re-painted, so that except on close examination the door appeared to be intact. The Boers, however, found nothing in the safes.

Within a few weeks of its re-opening, the Dundee Branch specie reserves were again sent down to Ladysmith for a time, owing to the unprotected state of the town and the massing of Boers at Vryheid.

In March, 1900, the Transvaal Government suddenly commandeered a large portion of the Bank's specie in the Republic, and in this connection a reference is here necessary to the position of the Bank there.

Upon indications of impending war, the Bank became anxious about its assets in the Transvaal. In the Orange Free State it had no Branches at the time. The liabilities of the Transvaal Branches were materially reduced by customers transferring their floating balances to the coast Colonies for safety. These operations, however, were of the nature of book entries and effected no diminution in the amount of the Bank's cash reserves in the Transvaal. The despatch of consignments of coin to the coast would at that stage, even if the Transvaal Government had allowed it, have greatly added to the prevailing alarm.

At the outbreak of the war, the Banks in that State held specie reserves exceeding £900,000, of which some £400,000 was with the Standard Bank

STANDARD BANK, PRETORIA, IN 1879

This amount had unfortunately increased by the beginning of 1900 to £566,000 in spite of repeated admonitions from Head Office to endeavour to reduce it. This large holding entailed much anxiety, as the precarious position of the reserves of the Banks in the Transvaal might conceivably have caused a commercial crisis on the coast.

On the other hand, to meet the heavy demands in the coast Colonies, the Bank was obliged to import specie for some time at the rate of £100,000 a week.

After the outbreak of hostilities, the Transvaal Government inspected the Johannesburg Branch coin reserves and forbade any specie being sent out of the Republic, though beyond the Native Gold already taken they disowned any intention of commandeering the coin.

The outstanding advances of the Bank's Transvaal Branches on the 30th September, 1899, aggregated £1,404,000. These were mostly secured and, where unsecured, were principally to undoubted Mining Companies. Nevertheless, the above amount for a time assumed largely the character of a lock-up.

On the 24th March, 1900, the Transvaal Government, contrary to their previously expressed intention, commandeered £260,000 from the Standard Bank. Mr. J. J. G. Ferris, who was in charge of the Bank's interests in Pretoria, protested, and succeeded in getting the amount reduced to £150,000. This amount was

taken, as well as £50,000 from the Bank of Africa, £35,000 from the African Banking Corporation, and £20,000 from the Natal Bank. The Banks had no power to resist, but it was made clear to the authorities that the coin was only surrendered under *force majeure*.

When commandeering the coin, the Transvaal Government informed the Banks that later on Native Gold would be handed them as security for the specie taken. All the facts of the incident were communicated by the General Manager of the Standard Bank at Cape Town to the High Commissioner, who advised the Bank to decline to accept the Native Gold from the Transvaal Government, as it might be of uncertain ownership. The Standard Bank's Directors before receiving the High Commissioner's opinion had been advised by Counsel in England to accept the Native Gold by way of *security*, not as an equivalent for the specie taken. The matter was therefore again referred to the High Commissioner through the General Manager of the Bank at Cape Town, and in reply he stated that while disclaiming any desire to instruct, his opinion was unchanged that the Bank's claim should not be complicated by the acceptance of dubious security. The Standard Bank's Board thereupon laid the matter before the Colonial Office, who recommended that the advice of the High Commissioner should be followed, and the General Manager of the Bank was consequently

authorised to follow that advice and to refuse the Native Gold—a course which was acquiesced in by the other Banks. A subsequent decision of the Transvaal Courts, however, showed that the High Commissioner was mistaken in his opinion as to the doubtfulness of the security, and persistent though unavailing efforts were made by the Bank's Directors, in conjunction with the other Banks interested, during the years 1901-1904, to induce the British Government to acknowledge its liability, as the Banks' claims seemed in equity to be irresistible.

A full statement of the case, together with copies of the correspondence which ensued with the Colonial Office, was issued to the Bank's shareholders at the time, and will be found in the Appendix hereto.

Early in the year 1900 the silver coinage at the Pretoria Mint had a forced currency, as the Transvaal Government suspended the operation of the law under which its exchange for gold was imperative at the Head Office of the National Bank of the South African Republic. The bulk of the Native Gold commandeered and that compulsorily won from the few mines at work was melted down and manufactured into small bars of about 300 to 500 ozs. marked by numbers, and these did service as currency in default of a sufficiency of coined money. The bars, when handed to storekeepers, were accompanied by schedules showing fineness and value.

Official returns showed that up to the close of the

Kruger regime, the total coin struck at the Pretoria Mint amounted to:

	£	s.
Gold - - - - - -	2,383,771	10
Silver - - - - - -	336,760	0
Bronze - - - - -	1,029	0

Since the re-opening of the Mint in 1899, issues had been heavy, namely, for the three months ending December, 1899, at the rate of £80,000 per month, and for the five months January to May, 1900, at the rate of £160,000 per month, representing a total of £1,040,000.

It should here be mentioned that a Proclamation of the Portuguese Governor-General at Lourenço Marques on the 28th October, 1899, made Transvaal minted gold legal tender at that Port, and the Banks there were consequently compelled to take it.

In the last hours of his Government, paper money was also issued by President Kruger and was given a forced currency, but on arrival of the British forces the issue was repudiated by Imperial Proclamation.

It is interesting also to note that, when the British troops entered Pretoria, Native Gold was found in the Mint valued at about £115,000. Presumably time had not permitted either of its being melted or removed; further, a number of plain Gold Discs, of sovereign weight, but unstamped, had got into circulation and were apparently freely accepted in the absence of legitimate currency.

Shortly before Johannesburg surrendered, preparations were made by certain parties to wreck the town and mines, but the Commandant, after communicating with General Botha, managed to arrest the ringleader and disperse his followers.

The direct loss to the Gold Mining Industry as a result of the war was stated at a meeting of the Johannesburg Chamber of Mines in 1902 to have been as follows :

	£
Raw Gold taken from the train by the Boer Government, value -	462,853
Raw Gold taken from Banks and Mines - - - - -	304,445
Gold obtained by working Mines prior to British occupation -	1,929,875
	2,697,173
Deduct :	
Raw Gold left in the Mines at British occupation and returned to the Mines interested - -	176,580
Net loss to the Industry - -	£2,520,593

(This was apart from loss of return on Capital during the period the Mines were shut down.)

Upon the occupation of Johannesburg by British troops it was ascertained that in December, 1899, a census of the town had been taken by the Boer authorities, which showed that the white population

still exceeded 30,000 and that the Kaffirs numbered 13,000. Apparently there had been no difficulty in getting supplies, which had come through freely from Delagoa Bay, both for the merchants and for the Government. Meal, vegetables, and Transvaal produce generally were plentiful. There had been no indiscriminate looting in the town, but where places of business had been closed by the proprietor and no representative left, the Transvaal Government had commandeered anything they wanted.

It was foreseen that immediately on the restoration of tranquillity and re-organisation of business at the Mining centres, the demand for clerks was likely to be unprecedented, and orders were sent to England for additional men. These orders had to be frequently repeated, as the need grew more acute. The Bank's staff, in fact, became so reduced, that it was necessary to intimate to them by Circular that no further officers could be spared for active service. Those who were away on active service were, it may be mentioned, liberally treated by the Bank as regards their pay.

In the meantime, owing to the stoppage of production and the dislocation of the railway service, simultaneously with the influx of refugees and the presence of large numbers of troops, food supplies ran up excessively in price. The tariff at hotels and boarding-houses was substantially raised, and the difficulty of making ends meet on unelastic

STANDARD BANK, PRETORIA, IN 1898

incomes became daily more serious and distressing. Special war allowances were accordingly granted to the staff, who were working at the larger centres early and late, displaying the greatest possible zeal and energy in their efforts to cope with the work, especially the immense mass of military business. This was particularly noticeable at Cape Town Branch, where transactions on current account enormously increased; correspondence was doubled, and, though the staff was largely augmented, night work was continuous. In fact there was not seating room in the building for all the men. Other local Branches were opened at Long Street, Plein Street, Woodstock, etc., but they had no appreciable result on the pressure at the main Cape Town Office. Increased accommodation became imperative, and the yard space at the rear of the Branch premises had to be appropriated, and the Banking Hall doubled, to relieve the congestion. Some idea of the enormous amount of work entailed in connection with the Army Pay Department may be gathered from the fact that the cash transactions for the quarter ended March, 1900, took up 172 pages of the ledger, the entries totalling nearly 10,000. Apart from the Chief Paymaster's account, there were 402 subsidiary accounts at the Branch, as well as a large number of military officers' private accounts. At Pietermaritzburg the cash transactions during the same period amounted to 18,500 and took up 355 pages of the ledger.

In Rhodesia, for a time, the entire means of communication were requisitioned by the Military authorities, and neither mails nor passengers were carried. Bulawayo and Gwelo were virtually cut off. At Gwelo the Bank's Branch ran out of all supplies, and Mining Companies were unable to meet labour demands. The long-continued stoppage of supplies, accentuated by the influx of British troops, caused the necessaries of life to rise to extravagant prices. Bank officials and married men in particular were badly circumstanced, and all the Bank's Rhodesian staff were granted temporary war allowances.

As the centre of hostilities shifted to the Transvaal, instructions to close and remove their respective assets to Pretoria had been sent from Mr. Ferris at Pretoria to the Managers at Lydenburg and Middelburg (Transvaal). These instructions arrived late, and the officers in charge of the Lydenburg assets only got as far as Machadodorp, where they were arrested by Transvaal Government officials and ordered to return to Lydenburg and re-open, which they did. On arrival of the British troops at Lydenburg the Branch coin was found intact.

From Middelburg no news came through for some time, but it was ultimately ascertained that the Bank had been closed from the 4th June to the 30th July, the Manager, Mr. F. W. P. Colborne, and the junior clerk, remaining at the office. Mr. Colborne, however, on the day he received Mr. Ferris's instructions,

prudently paid out all the coin he could to town customers for their needs while the Bank was closed, thus reducing his gold to £27 10s. This was packed, and he was ready to proceed next morning when he found the line was blocked.

Although the Transvaal was annexed on 1st September, 1900, the country outside Johannesburg and Pretoria was very unsettled, Potchefstroom, Klerksdorp, and even the vicinity of Johannesburg itself, being at times unsafe.

It should be mentioned with regard to Potchefstroom that under the Boer regime it was apparently the only place at which any of the Bank's staff were personally commandeered in money. The Manager, Mr. J. C. Culpeper, was mulcted, in all, in the sum of £49. Under the old Transvaal law such levies might not exceed £15, but apparently could be imposed as often as the Authorities thought fit. In Mr. Culpeper's case the contributions were mostly for amounts of £14 at a time, and it appeared that he was expected to contribute every time a fresh commando was sent to the front.

Klerksdorp district was also from time to time very unsettled. Mr. W. G. J. Burton, of the Johannesburg staff, was sent in July, 1900, with a military escort to Klerksdorp and Potchefstroom with parcels of specie. The coin was duly delivered, but Mr. Burton, with the escort, was captured on the return journey and detained for some days in a Boer laager. The junior clerk of the Klerksdorp Branch was a

Transvaal burgher, but had thrice escaped being commandeered. Eventually, when the Boer General Liebenberg captured Klerksdorp, the lad was compelled to join his force, a portion of which was subsequently captured by the British troops under General Barton. The junior clerk was then sent oversea in spite of the Bank's best efforts to effect his release, efforts which were repeated equally unavailingly after he had arrived in Ceylon.

At the close of 1900 a Proclamation was issued by the Military authorities calling upon all able-bodied men in Johannesburg to join the Rand Rifles for duty in the town and district. Several members of the staff who were then stationed at Rand Branches saw active service with that force.

Mr. W. Smart had been appointed Joint Manager of the Bank's Johannesburg Branch in June, 1900, and was in sole command there until the following October, when the other Joint Manager, Mr. W. C. Fricker, returned from European leave.

Much anxiety was occasioned by intermittent raids by the Boers on towns and by the dislocation of the railway and telegraph services. On one day the railway was cut in twenty places south of Bloemfontein. At another time it was impossible to get into touch with any place north of De Aar. Amongst others, a raid was made on the New Kleinfontein and Chimes Mines near Johannesburg, and batteries and machinery were destroyed.

Later on, the Modderfontein and Van Rhyn Mines were damaged, and the destruction of the railway lines in various places was largely accomplished with the aid of nitro-glycerine obtained from some of these mines.

As the country districts of the Free State and Transvaal became to a large extent laid waste, the Boer Commandos made incursions into the Cape Colony in a more systematic manner. Of the seventy Branches of the Bank then existing in the Colony, no fewer than fifty-five had to close for longer or shorter periods. Assets were hurriedly concealed or sent away to a safe place, as news of approaching Commandos was received. Murraysburg, Britstown, Pearston, Barkly East, and Lady Grey, were most frequently closed, but the Boers were also very active around Aberdeen, Maraisburg, Aliwal North, Richmond, Victoria West, etc.

While these raids were in progress, communication with the Eastern Province was at one time possible only by sea. Information as to what was going on was often scanty or suppressed altogether, and news was sometimes published in England of which nothing was publicly known in South Africa. The efficiency, however, of the Boer Intelligence Department was remarkable. On one occasion large consignments of specie which the Bank was sending up to Pretoria for Military requirements were retained at Bloemfontein owing to the destruction of the railway north

of that town. Ultimately the coin was sent off in two instalments. General de Wet appeared north of Honingspruit, and allowed two trains to pass unmolested, but seized the third, which was the one conveying the Bank's specie, £125,000. Fortunately, however, the van in which it was conveyed had been taken off at the preceding station owing to an axle getting heated.

Town Guards and District Mounted Troops were formed throughout the country, and the area of Martial Law was extended until it ultimately embraced the whole Cape Colony.

The Bank's staff cheerfully took its part in Town Guard service over and above ordinary duties. At Cape Town 120 men formed a Standard Bank Company, and were linked up with Railway and Post Office Companies into battalions under the Command of Lieut.-Colonel Stewart, R.E. Specific posts were assigned to the various Cape Town Companies in the event of trouble arising, but they had no opportunity of active service beyond nightly patrolling the town and furnishing guards for armouries and magazines.

In the country districts, however, the Town Guards were frequently called upon for service, and in some towns the Commandant, under Martial Law, claimed the right not only to make Town Guard duty compulsory, but to exact it simultaneously from every member of the staff, from the Manager downwards,

STANDARD BANK CONTINGENT OF THE CAPE TOWN GUARD, WITH THE AUTHOR (THE COMMANDING OFFICER) SEATED IN THE CENTRE

not merely when an attack was threatened, but at any time.

At Somerset East, the Bank's Manager, Mr. F. R. F. Southey, reported in February, 1901, that the whole Town Guard, including himself and staff, had been for some time almost constantly in the trenches, some not returning to their homes for from thirty-eight to forty-eight hours at a stretch, the longest time allowed off duty being six hours.

In the following October, again, the whole of the Somerset East staff were in the trenches for several nights, and on the 17th of that month the Branch was compulsorily closed by the Commandant.

Similar duty was performed by the staff at Pearston, in one case for eight days at a stretch.

At Britstown, in December, 1900, the Manager sent his coin away to De Aar during the night, within an hour and a half of the Boers entering the village. The Boer Commandant demanded the Government money, but was informed that all Government money was "remitted daily to Cape Town." A guard was placed over the Bank's premises, but nothing was touched.

In January, 1901, a Commando entered Aberdeen, looted the stores, and carried off horses, but the Bank was not molested. Its assets were, however, concealed. At Hopetown, in February, 1901, the Manager was warned that De Wet was approaching with 1,000 men. The entire coin reserves were

removed to the fort three-quarters of a mile distant, and the staff stood to arms all night, but De Wet was so closely pursued by Colonel Plumer that he had no time to attack.

Maraisburg and Aberdeen were occupied by the Boers early in 1901, and subsequently relieved by British troops, but in each case the Bank's assets remained intact.

Pearston was similarly occupied by the Boers, and it had been intended to send the Branch coin away. It was just ready, packed in the portmanteau of a relieving officer from Port Elizabeth, when the Boers arrived. The Bank official was detained as a prisoner, but managed to make his dilemma known to two ladies staying at the hotel and to give them his keys. One of the ladies then kept the Boers out of the room, while the other removed the Bank's property from the portmanteau, and ultimately succeeded in getting the cash returned to the Bank's safe. This was lucky, as the officer's personal effects were afterwards looted.

On the 13th April, 1901, Pearston was raided by Scheepers's Commando. They visited the Bank, Post Office, etc., and the following day looted all the stores. On the 16th April the British forces relieved the place. No loss had ensued to the Bank.

Murraysburg Branch was closed for a couple of days in January, 1901, the Bank's valuables being safely disposed of. At a later date the Manager

STANDARD BANK, RIVERSDALE, CAPE PROVINCE, OLD PREMISES

was captured by the Boers while endeavouring to post his official letters at Biesjespoort. All private letters were examined, but those addressed to the Bank were returned to him unopened.

These instances of immunity are not surprising, considering the good feeling that has always existed between the Bank officials and all sections of its customers, and also the known abstention of its staff from all political controversies.

On the other hand, in June, 1901, some of Scheepers's Commando visited Murraysburg. Three of them went to the Manager's dwelling-house and demanded the safe keys. On his refusal to surrender them, he was badly assaulted and had to yield. The trio then demanded the amount deposited at the Bank by the Government during the preceding month, which was £216. The Manager eventually handed them £120, for which they gave a receipt. The amount was subsequently refunded to the Bank by the Cape Government.

Many of the local residents, including the Dutch Reformed Church Minister, and subsequently Scheepers himself, expressed regret to the Manager, Mr. F. C. Lilford, that he had been personally ill-treated.

Murraysburg was left noticeably unprotected, and eventually the Branch was closed for the remaining period of the war, its assets being removed to Beaufort West.

At a number of country centres where Dutch

speaking customers predominated, current account balances were withdrawn or reduced and there was a steady demand for coin. In a few instances notes were refused by the customers. Some repayments of fixed deposits were also applied for. It is remarkable that the chief withdrawals were at Somerset East, a wealthy district, where the Standard was the only Bank, and had been represented for many years by Mr. F. R. F. Southey, who enjoyed the confidence of his customers in a greater degree perhaps than any other country Manager in the service. Similar withdrawals occurred afterwards at Pearston, Malmesbury, Jansenville, Wellington, Robertson, and other places.

Greytown, in Natal, was another centre where farmers of Dutch extraction largely withdrew their balances.

The withdrawals were not due to any distrust of the Bank, as the Government Savings Bank deposits were similarly depleted.

These " runs " seldom assumed important dimensions but continued spasmodically. It was estimated that during the first six weeks of 1901 over £200,000 thus went out of circulation. The distrust on the part of the Dutch community was accounted for in part apparently by the widespread belief that by the impending proclamation of Martial Law obstacles would be thrown in the way of Dutch customers withdrawing their money. Eventually the Cape Government issued a formal notification in both languages in order to reassure people, pointing out

STANDARD BANK, RIVERSDALE, CAPE PROVINCE, PRESENT PREMISES

that funds could not be interdicted in the Banks without the judgment of a competent Court.

The Military authorities at an early stage of events disallowed the transmission of telegrams in cipher, and the Bank had therefore to re-assert its rule to make no money payments and send no confidential advices over the wires failing the protection of its own code. How necessary this was may be judged by the fact that a message handed in at Cape Town addressed to an Eastern Province Branch transferring £8,000 for the credit of a party there, was altered during transmission to read £80,000. The party accredited was respectable and the money had not been drawn. The error was detected by the Audit Department.

Apparently as a result of the British reverses at the outset of the war, it was sought on high authority to restrict Banking business in various directions in which the requirements of the Republic might conceivably be facilitated. In June, 1900, certain specific regulations were laid down for the guidance of the Banks, viz. :

(1) No draft or telegraphic or letter transfer by or from any Branch of the Bank to any other Bank situated in the South African Republic or Orange Free State is to be honoured.

(2) No Notes of the National Bank of the South African Republic, the Netherlands Bank, or

the National Bank of the Orange Free State are to be paid, negotiated, or advanced against.

(3) No overdraft is to be granted by any Branch outside the Republic in favour of burghers or persons resident in either Republic, or, on the guarantee of such persons, in favour of third parties.

(4) No letters of credit issued by persons or firms in the Republics are to be recognised or in any way made the subject of dealings by the Banks or their Branches, and no advance is to be made on the produce of either Republic.

(5) No Cheques, Bills of Exchange, or Promissory Notes drawn on, or domiciled in, or made by burghers of, either Republic, or by any person or persons or firms residing or trading in either Republic are to be negotiated or discounted or sent for acceptance or collection, and no advance by way of overdraft or otherwise is to be made against such Cheques, Bills of Exchange, or Promissory Notes.

(6) No transaction of any kind which appears likely to result in aid or assistance to the Queen's enemies is to be entertained.

In the opinion of its standing Counsel and Solicitors, the Bank was bound to act on the directions received, and instructions were issued to its Branches accordingly. Every effort, in fact, was made to

faithfully fulfil obligations, although in many cases at the cost of friction with old and loyal customers, and the effect was, not infrequently, merely to divert business into foreign channels unamenable to British control. Six months later, either as a result of the successes of the British troops, or the futility of the Banking restrictions, five of the six specific regulations were withdrawn.

On the other hand, when the troops occupied Johannesburg and Pretoria, other regulations were issued on local authority, causing great inconvenience. Their ostensible object was to prevent parties in the Transvaal from trading with the enemy, but their actual effect was to inconvenience loyal British subjects and to assist parties who had supported the Boer Government.

On 6th May, 1901, the restrictions on Banking in the Transvaal were removed, without, of course, relaxing specific interdicts. To the Bank, these restrictions never appeared to be of any real service to the authorities, who could have obtained, by inspection of the Bank's books, and by the issue of interdicts in special cases, all the advantages they desired without bringing the financial business of the State to a standstill by innumerable minute restrictions. There was reason to believe that the welcome change in policy was due to the influence of the High Commissioner.

At the outset of the war a Proclamation by President

Kruger had laid it down that rent and mortgage interest would cease during the existence of Martial Law in the Transvaal. The disposal of this question was one of considerable difficulty, and on the annexation of the country a special Commission was appointed in August, 1900, to consider the validity, or otherwise, of the Proclamation. Mr. W. Smart, the Bank's representative at Johannesburg, was placed on the Commission. The matter was eventually disposed of by a Proclamation of the High Commissioner in October, 1901, the gist of which was that from the date of President Kruger's Proclamation of October, 1899, until that of the High Commissioner's notice, a lessee of fixed property, whether enjoying beneficial occupation or not, would pay no rent, but must pay from the date of that notice if in occupation, but not otherwise.

In the case of Mortgage Bonds, mortgagors could claim exemption from payment of interest only up to the date of (*a*) their getting beneficial use of the money; or (*b*) to the date of the High Commissioner's notice, whichever event happened first. A moratorium of indefinite date was granted in respect of the principal.

As far as the Bank was concerned, it was in its interests to treat with the greatest consideration Transvaal debtors who had been severe losers by the war, and an amicable settlement of the vexed question of interest was in most cases found practicable.

In October, 1901, a Board was established by the Government for the consideration of all complaints or grievances relating to the administration of Martial Law in the Cape Colony, other than pecuniary claims against His Majesty's Government. The Board consisted of three members nominated by the Governor of the Colony, the Prime Minister, and the Officer Commanding the troops, respectively. The Bank's General Manager, Mr. L. L. Michell, was honoured by being selected as representative of the Governor of the Colony, and thereby became Chairman of the Board.

The unhealthiness of the larger towns within the area of hostilities was notorious, and much inconvenience was occasioned the Bank under the great pressure of military and general work by the absence of so many of its officers through sickness. About 10 per cent. of the staff were, for a time, away from this cause.

Serious difficulty was also experienced in getting " permits " for the interior with freedom and promptitude. As a result, clerical assistance badly needed up-country was greatly delayed, the staff was much overworked, and the Bank seriously hampered in its conduct of the Army Pay Department's business. There is reason to believe that the ultimate improvement in this direction was due to the intervention of a high military authority upon personal representations from an influential quarter.

The Bloemfontein Branch Accountant, Mr. A. S. D. Robertson, a devoted and promising officer who stuck faithfully to duty under trying circumstances, contracted enteric fever while run down in health, and his death was ascribed at the time to overwork "due to insuperable obstacles in the way of the Bank recruiting its staff in the late Republic."

The following officers were killed or wounded during the war :

Mr. E. W. Dampier, of Barkly East Branch, was shot during a skirmish with the Boers in the vicinity of that village.

Mr. F. T. Simpson, of Bulawayo, was mortally wounded in action at Machudie on the 12th February, 1901.

Mr. R. H. Barry, of Cape Town, and Mr. Donald Smith, of East London, were killed in action during the siege of Mafeking.

Mr. John Bainbridge Wood, of Bulawayo Branch, after five months' service with Colonel Plumer's column, rejoined the Branch; but in December, 1900, at the request of the military, joined Kitchener's Fighting Scouts, and was killed in action at Warm Baths north of Pretoria on the 1st June, 1901.

Mr. W. S. Staynes, previously referred to as one of the staff expelled from Vryburg, joined Kitchener's Horse, and became a Sergeant-Major of Scouts though only eighteen years of age. He was with a column

STANDARD BANK, SALISBURY, RHODESIA

sent to relieve Schweizer Reneke, and was mortally wounded in an action near that village.

Mr. S. W. L. Schulze, who was acting as relieving Accountant at Lourenço Marques Branch in June, 1901, was reported missing, and was surmised to have left for the Transvaal to join the Boer forces, as he came originally from Lydenburg and was a Transvaal burgher. This proved to be correct, as he was shot shortly afterwards in a skirmish with British troops at Piggs Peak, near Barberton. Papers found upon him conclusively established his identity.

Mr. Schulze was a first-class officer of his grade. He had been in the service for 14 years, and his loss was much regretted.

Mr. F. J. C. Downing, of Cape Town Branch, became a Captain in Kitchener's Horse and was twice wounded ; ultimately he contracted enteric fever and was invalided home.

Mr. C. H. Cotterell, of the Bank's Assay Office, Johannesburg, was dangerously wounded near Standerton while serving with the South African Light Horse. Mr. Cotterell received five bullet wounds, was sent down to Pietermaritzburg and placed under X-rays. He entirely recovered and was able to resume duty.

At the beginning of 1902 the refugees from Johannesburg were gradually permitted to return. Nevertheless, outside the lines of communication, life and property were still very unsafe, and the wires were

frequently cut in many Cape Colony districts. Notwithstanding this, the prevailing feeling was undoubtedly optimistic and was reflected in the buoyancy of the Share market, though without any ostensible justification. This confidence was accentuated during the ensuing few months, and in May hostilities terminated, after extending over a period of $2\frac{1}{2}$ years. By the 30th June all Branches of the Bank were open for business as usual.

At the Bank's Half-yearly Meeting in April, 1902, the following resolution was proposed by the Chairman and carried amidst applause :

> " That the thanks of the meeting be given to the General Manager and other officers for their valuable services, and that sympathy be expressed with the Managers and Officers of the various Branches in the dangers and inconveniences to which they have been exposed during the war."

To mark the Board's sense of the staff's loyalty during these critical times an addition of one month was made to the European leave to which each deserving officer is periodically entitled.

This chapter would hardly be complete without a reference to the services rendered to the Army Pay Department.

The Bank had financed the Army Chests in the Cape and Natal since the " seventies," and during the Zulu War and the troubles with the Transvaal Boers in 1880 and 1881 it had rendered the Army material service.

Prior to the last war a definite agreement existed with the Imperial Paymasters in the Cape and Natal. This was applicable to times of peace and was formally approved by the Lords of the Treasury.

In anticipation of the outbreak of war in 1899 the Army Pay Department in South Africa had been instructed from London to invite tenders for the sale of drafts on the Imperial Treasury. At that time it was not supposed that the campaign would last very long, and for limited amounts the course proposed might have proved feasible, though it would with little doubt have depressed market rates to the disadvantage of the Treasury.

The Chief Paymaster was anxious to arrange a contract which would ensure the disposal of all his drafts irrespective of amount, but in deference to the instructions he had received the system of calling for tenders in the open market was tried. The result, however, was disappointing, as the Banks and the public merely took up what they at the moment needed, and at varying rates, with the result that the Army's requirements were not met.

Ultimately, owing to the Chief Paymaster's representations to the Imperial authorities as to the imperative need that he should be able to command all the funds he required without delay, or restriction as to amount, and in view also of the much greater magnitude of the military operations than originally contemplated, an agreement was arrived at with

the Standard Bank by which all Imperial Army bills on London were to be purchased at a uniform rate of 1 per cent. discount. This arrangement, which the Bank at its own expense and risk voluntarily extended to the Orange Free State and the Transvaal to convenience the Pay Department, was formally ratified, and some twelve months later, after practical experience of the working of the agreement, the Lords of the Treasury expressed themselves satisfied as to its terms, "more especially in view of the admirable manner in which the business had been conducted, of which they took the opportunity of placing on record their appreciation."

The rate was modified as the progress of the war, the better circulation of coin, and the reduced charges of London Underwriters in respect of the insurance of specie sent up-country, warranted the Bank in doing so.

Not only could no other institution have undertaken the contract, but the Pay Department, even if it had itself imported specie instead of selling drafts, would still have required to distribute the proceeds throughout the country, and it was only the Standard Bank's widely extended Branch system that enabled it to provide funds where needed and at short notice for the whole of South Africa.

It has been frankly admitted by military men that never in the history of war has a campaign, of such magnitude financially, been conducted with such

STANDARD BANK, UMTALI, RHODESIA, OLD PREMISES

ease to the military authorities and relief from financial responsibility as the South African War of 1899-1902.

At a meeting of the Bank's shareholders in London in 1901, the Chairman admitted that the Bank had assumed very considerable responsibility in undertaking to finance the war, as, at the time it broke out, very few had any idea of the expense and magnitude of the operations, and he added: "I think the fact that we have been able without check and without hindrance at every point to provide His Majesty's Government with the funds necessary to prosecute the war is at all events a result of which the Bank may be fairly proud."

In addition, the Bank waived, under the peculiar circumstances, a great many of the ordinary regulations which Banking institutions usually observe, and all Imperial officers were enabled to cash cheques on their English Bankers without charge.

CHAPTER XI.

THE HISTORY OF THE STANDARD BANK FROM 1900 TO 1913.

THE beginning of the new century witnessed considerable changes among officers in the higher ranks of the service. While the war strain was at its height, the General Manager's Office was strengthened by the accession of Mr. Hector Mackenzie as Assistant General Manager. Mr. Mackenzie had seen long service, and had very successfully managed most of the principal Branches of the Bank.

At the close of 1900 the London Office Manager, Mr. John Chumley, took farewell of the institution after a service of thirty-six years. Mr. Chumley joined the Bank in its infancy, and the Directors acknowledged his services as having been of the utmost value. He was not long spared to enjoy his leisure and artistic tastes, for he died within a few weeks of his retirement.

To fill his place the Directors selected Mr. William Smart, who at the time was Joint-Manager of the Johannesburg Branch. Mr. Smart possessed a varied

experience of South African business, covering a period of twenty-five years, and the Directors were pleased to refer to him as having "given great and invaluable services in some of the most onerous and important posts in South Africa."

Mr. Smart had also been selected to remodel—assisted by Mr. H. M. Quigley—the Bank's "Standing Instructions to Officers," and the volume thus revised was issued in May, 1900.

Early in 1902 Mr. E. B. Gardiner, who had filled the post of Assistant General Manager since 1897, retired owing to failing health. He had entered the Bank at its London Office in 1871, and was for a considerable time Manager of the Johannesburg Branch. Jointly with Mr. G. H. Nitch he was responsible for the reorganisation and efficient working of that Branch after the confusion resulting from the Mining entanglements of the eighties. Mr. Gardiner, who held the degree of M.A. of Dublin University, was keenly devoted to the interests of the Bank and the staff. He died in Scotland in 1909.

Upon his retirement, Mr. J. W. Harsant, Manager of Cape Town Branch, was appointed an additional Assistant General Manager.

The death of Mr. H. C. Ross, a former General Manager of the Bank, at the beginning of 1902, has also to be recorded. Mr. Ross had been appointed to a seat on the Directorate upon the death of Mr. Robert Stewart in 1885, and during his connection

with the Bank since 1867, in the capacity of Inspector of Branches, Joint General Manager, and Director, had rendered the institution most valuable service.

In June, 1902, Mr. L. L. Michell retired from the post of General Manager. At an early period after joining the Bank in 1873 Mr. Michell became more or less intimately identified with its general administration, and was formally appointed Joint General Manager with the late Mr. Edmund Thomas in 1883. On the latter's retirement in 1895, Mr. Michell bore the sole responsibilities of the post. The immediate cause of his retirement was the death of Mr. C. J. Rhodes in March, 1902, and the necessity for devoting his time to the interests of the Rhodes Estate, of which he was one of the Executors.

Based on the solid foundations laid by the late Mr. Robert Stewart, under the Board's instructions, the institution grew under Mr. Michell's administration in strength, prosperity, and public confidence. Apart from the special recognition of the value of his services by the Directors, the staff presented Mr. Michell with a handsome testimonial, comprising a service of silver plate and a diamond star for Mrs. Michell.

Subsequently, for various public services, Mr. Michell received the honour of Knighthood.

In July, 1902, the General Management was reconstituted by the appointment of Mr. H. Shelton Corbett and Mr. Hector Mackenzie as Joint General

STANDARD BANK, UMTALI, RHODESIA, PRESENT PREMISES

Managers, with Mr. J. W. Harsant as Assistant General Manager.

Mr. Corbett's place as Secretary in London was filled for a time by Mr. F. B. Shotter, and subsequently, on the latter's return to South Africa in 1903, the Board appointed Mr. Francis Shipton to the post.

In May, 1902, a further increase in the Bank's Capital was decided upon, with the view of keeping its resources commensurate with the increasing magnitude of its requirements. The proprietors accordingly authorised an issue of 12,500 new shares of £100 each, at an issue price of £75, of which £25 was on account of Capital and £50 represented premium. The latter was carried to Reserve Fund. All but a fraction (559) of the new shares were taken up, and the effect of the operation was greatly to strengthen the Bank's position, as the following figures will show:

	31st Dec., 1902.	31st Dec., 1903. Increased to
	£	£
Subscribed Capital	5,000,000	6,193,900
Paid-up Capital	1,250,000	1,548,475
Reserve Fund	1,335,000	*1,982,050

*(including payments on account of premiums completed on 1st January 1904).

The new General Management in South Africa soon found itself confronted with changes and difficulties arising from altered conditions of the country and the aftermath of the war. The expulsion of

British residents from the Republics, and the extension of the war over almost the whole of the Cape Colony had driven large numbers of people to the coast towns where the available accommodation was unequal to the demand, and a "boom" in town and suburban properties ensued. This was fostered by speculators after the war terminated, and there seemed to be a general expectation that, as a result of the settling down of the country, a very large number of people would be attracted to South Africa in all departments of trade and industry. There was for a time an abnormal expansion in general business; the harbour and railway facilities were unequal to the demands upon them. The clamour of the ports for increased appliances and accommodation, and of the business community generally for additional railway plant on an extravagant scale was partially acceded to, and even Government estimates of revenue seemed to be based upon expected continuation of the inflated figures of the war period. Importations of goods of all kinds were much overdone, regardless of the fact that immense accumulations of surplus military stores were on hand, which, as soon as their realisation commenced, glutted South African markets, and, until eventually disposed of, seriously embarrassed merchants.

The war had had the effect of introducing an army, which with their camp followers, contractors, etc., approximated to a quarter of a million persons,

equivalent to, say, one-quarter of the total white population of the country. The demand for produce, clothing, equipment, and housing accommodation had inflated prices all round, but few people appeared to consider the effect to the country of the withdrawal of the army and its followers. The lavish war expenditure also, and the large profits made by contractors and business people generally, assisted in engendering a good deal of unsound trading and extravagance in private life.

There had been a stoppage for almost $2\frac{1}{2}$ years of the great Gold Mining Industry and prostration for many months of the Diamond Mines, thereby seriously curtailing the country's purchasing power abroad.

Another point, of which little heed was taken at the time, was the immense waste and destruction of the sources of production which had occurred during the war. Homesteads were burnt and farms denuded of all sheep, cattle, and horses, especially in the Orange Free State. The fact upon which people failed to reflect was that some years of economy and patient labour in the re-creation of wealth were conditions precedent to an era of real prosperity. This was only realised when a number of people, including some who had previously been in affluent circumstances, had been ruined by extravagance or ill-considered business schemes.

As the embarrassment of merchants, property-speculators, and others, developed in 1903 and later,

the demands on the Banks for assistance increased; but unreasonable facilities were withheld, and although much adverse comment was made by interested persons at the time, the policy of the Banks was subsequently admitted to have been sound. Thus the *Cape Times* on the 5th February, 1904, remarked:

> "It says a great deal for the sound business management of the Banks that they have steered an even course in the boom and in the depression, with the result that though business has contracted, their position remains absolutely sound. There has been no serious collapse. . . . There has been no financial panic. . . . The Banks may be congratulated on having passed through the period so well, and on being in a position to face with equanimity what still remains to be gone through."

The *South African News* also, on the 4th March, 1904, in a leading article on "Private Finance," wrote as follows:

> "We think that the Colony may congratulate itself upon the fact that the great public institutions which control our private credit have acted with prudence and without panic, and in a manner to secure the confidence of the general community as well as their shareholders."

Again in the following year—29th August, 1905—in a leading article on "Bank Statements," the *South African News* remarked:

> "It is no longer necessary to repeat what we have frequently said before, when it was less fashionable to say it, as to the gratitude due to the Banks for the sound and cautious policy which they have pursued."

STANDARD BANK, VILLA FONTES, PORTUGUESE EAST AFRICA

The excessive activity and general inflation, which culminated in 1903, were followed by a severe depression lasting for a number of years, during which mercantile profits were much curtailed or disappeared altogether. Speculators in property, mines, and industrial shares found their investments incapable of realisation except at heavy loss. The one favourable feature in the business outlook was that the farming community, who had suffered so severely from the devastation of the country and the subsequent drought, began, as a result of good seasons and improved methods, materially to improve their position.

An idea of the extent to which trade was overdone in 1902-3 may be formed by a comparison of the Cape Trade Returns, which show the following figures:

	Imports (Excluding Specie).	Exports.
	£	£
1898 - -	16,621,000	24,423,000
1903 - -	34,685,000	25,714,000
1908 - -	13,050,000	41,740,000

The Right Hon. John X. Merriman publicly stated in 1908 that

"He thought they owed a great debt of gratitude during the past few years to the Banks of the country, for they had kept their heads, and had not recklessly advanced money to people, although they had been much blamed for not doing so, and the consequence was that when the pinch came the Banks were sound, and the farmers were sound."

The depression was accentuated in 1907-8 by a severe check to the Diamond Industry, mainly due to a crisis in America. The passing of the Act of Union, however, and the consolidation of the four leading South African Colonies under one Government did a great deal to restore confidence and thereby improve business generally.

In 1907, with the approval of the shareholders, £97,050 was transferred from the Reserve Fund to Investment Reserve Account to cover depreciation in Investments, due to the general fall in the value of Securities, even though gilt-edged, but the transfer has since been made good by subsequent additions to the Reserve Fund from the half-yearly profits.

In November, 1908, the Bank entered into occupation of a commodious and handsome building erected for its use in Johannesburg. The premises, of which a photograph is given at page 118, are a credit to the institution, and afford general satisfaction to the public as well as comfort and convenience to the staff. It will be found instructive to compare this photograph with that of the original premises given at page 108.

A number of daring attempts, in some cases successful, were made a few years ago, to rob Banks and Bank officials, and created much uneasiness. Two, in which the Standard Bank was involved, deserved to be chronicled.

One was an attempt in April, 1900, on the Cradock Branch. The officers, Mr. G. H. Chabaud and Mr.

G. A. W. Welch, were disturbed about midnight by a native, who was armed with knives and who made a lunge at Mr. Chabaud. In the scuffle which ensued Mr. Welch had to use his revolver, and fired three shots, all of which took effect in the man's leg. The man was then arrested, and found to be a notorious bad character.

At Hopetown, in July, 1903, the Manager was sand-bagged and chloroformed in bed at midnight. On recovering consciousness, he found himself pinioned, with one of the burglars keeping watch over him, while the other, who had obtained his key, was ransacking the safe, the Accountant's key having previously been stolen from the bedroom in the hotel where the latter was residing at the time. No clue was forthcoming; but having regard to the fact that the coin abstracted and the receptacle in which it must have been taken away, weighed nearly two hundredweight, it was surmised that the thieves secreted their plunder in or near the village, and that one of them had been in Hopetown for a sufficient time to render himself familiar with the Bank's premises and the movements of its officers. In all, coin and bank-notes amounting to £11,796 were taken.

A resident of Hopetown was subsequently arrested by the police and tried for complicity in the burglary. He was, however, acquitted by the jury.

Subsequently a sum of £493 10s. in gold coin was discovered in a bag on the veld, and was handed

over to the Bank. There is little doubt that this sum formed part of the money stolen from the Hopetown Branch.

The robbery brought to light information of an intended attempt to chloroform the previous Manager of the Hopetown Branch at the time of the Diamond rush four years previously. The conspirators on this occasion were residents of Hopetown. The police seem to have been aware of this contemplated attempt and had the parties under close surveillance at the time, but the papers relating to the matter were at Barkly West and fell into the hands of a Boer Commando which entered the village, and were lost.

In August the following year Mr. James Scott, the Manager at Hopetown, was obliged to retire from the service. His health, which was never strong, had received a serious shock through the burglary, and he died shortly afterwards.

The rapid extension of the Branch systems of the various Banks has been a noteworthy feature since the country settled down after the war. Among other places the Standard Bank has extended its operations to Hamburg and New York, to Nyasaland (Blantyre), to British East Africa and Uganda (Mombasa, Nairobi, Kampala, and Eldoret), and to Villa Fontes in Portuguese East Africa. Branches were also established for a time at Elisabethville, in the Belgian Congo, and Zanzibar, but, after adequate trial, were withdrawn owing to insufficient support.

STANDARD BANK, ZANZIBAR

The large number of Banking Offices opened by the Standard Bank since 1898 for the convenience of the public will be seen in the statement quoted below:

Date.	Number of Branches and Agencies.	Total Staff.
31st December, 1898	93	779
,, ,, 1909	153	1428
,, ,, 1913	215	1867

(including London Office, and Hamburg and New York Agencies).

The last few years have also witnessed a substantial consolidation of Banking business by the absorption of the National Bank of the Orange Free State Limited, and the Bank of Africa Limited, by the National Bank of South Africa Limited.

On the other hand, the extension of the Standard Bank's business has been on a scale never previously witnessed in its history, and the demands upon its resources unprecedented. In illustration of this the following comparative figures applicable to African Branches may be quoted:

Date.	Floating Deposits.	Fixed Deposits.	Advances.
	£	£	£
31/12/1898	5,716,000	2,467,000	7,967,000
31/12/1903	9,973,000	4,395,000	9,840,000
31/12/1909	7,848,000	4,650,000	8,222,000
31/12/1913	9,300,000	6,600,000	12,623,000

In July, 1912, the General Managers' Office was strengthened by the appointment, as Assistant General

Manager, of Mr. J. P. Gibson, a capable officer of varied experience in London and South Africa.

During the last decade visits have been made to South Africa by members of the Board of Directors on three occasions: in 1904 by the Hon. Sir Charles William Fremantle, K.C.B.; in 1909 by Mr. Horace Peel; and in 1912 by Mr. Robert Edmund Dickinson, J.P. These gentlemen were on each occasion accompanied on their respective tours by the Bank's Secretary, Mr. Francis Shipton. The more frequent visits of this character, which are now a feature of the Board's policy, cannot fail to be productive of good in bringing the Directors into closer acquaintance on the spot with the conditions under which the Bank's business is conducted, and in enabling them to become personally acquainted with the Bank's principal customers and the members of its staff.

The periods of inflation which South Africa has from time to time witnessed have sometimes had a disturbing influence on the Bank's staff, many of whom were attracted away by inducements elsewhere; but the officers in general have repeatedly given evidence of their loyalty, zeal, and efficiency, more especially in periods of emergency when the strain upon their services has sometimes been exceptionally severe.

With a staff comprising 1,867 men, scattered over such a large area and under varying laws and con-

ditions, occasional errors of judgment are to be expected. In general, however, the Bank's officers are imbued with an excellent spirit. With few, if any, exceptions it may be said that all are proud of the past history of the institution and of their connection with it, and are anxious to do their best in furtherance of its interests.

Among prominent men who have been members of the Bank's staff may be mentioned the following:

Sir Percy Fitzpatrick, K.C.M.G., M.L.A., distinguished alike as a writer, a politician, and a scientific farmer.

Sir Herbert Sloley, K.C.M.G., Resident Commissioner of Basutoland.

Sir John Langerman, M.L.A., lately Managing Director of the Robinson group of Mines.

The Hon. Sir Lewis Michell, Kt., C.V.O., formerly General Manager, Standard Bank of South Africa Limited, and an ex-Minister of Cape Colony; is a Director of the British South Africa Company, and one of the Rhodes Trustees.

The Hon. Hugh Crawford, Chairman of the National Bank of South Africa Limited, formerly President under Responsible Government of the Transvaal Upper House.

Mr. H. C. Koch, Master, Supreme Court, Natal.

The late Dr. J. B. S. Greathead, a prominent practitioner at Grahamstown.

Senator F. O. F. Churchill, J.P., Durban.

Mr. H. C. Seppings-Wright, the well-known artist.

Mr. H. C. Jorissen, General Manager, Netherlands Bank of South Africa.

APPENDICES

STATEMENT SHOWING THE GROWTH OF THE BRANCHES AND STAFF

BRANCHES AND AGENCIES.

Year.	Number.	Year.	Number.
1863	18	1903	138
1868	18	1904	145
1873	24	1905	152
1877	34	1906	154
1881	54	1907	152
1885	61	1908	152
1890	71	1909	153
1895	82	1910	169
1899	94	1911	191
1900	99	1912	206
1901	106	1913	215
1902	126		

NUMBER OF STAFF IN AFRICA.

Year.	Number.	Year.	Number.
1877	197	1904	1247
1881	378	1905	1242
1885	322	1906	1285
1890	521	1907	1258
1895	597	1908	1233
1899	747	1909	1269
1900	865	1910	1367
1901	981	1911	1529
1902	1133	1912	1624
1903	1202	1913	1662

DIRECTORS.

James Black	1862–1865
Alexander Croll	1862–1863
William Duthie	1862–1865
S. Bolton Edenborough	1862–1874
Alfred Jarvis	1862–1869
John Paterson (Chairman)	1862–1865
Thomas Stenhouse (Deputy Chairman)	1862–1866
John Torrance	1862–1876
Edward Weston	1862–1871
Robert White	1862–1894
George Charles Frames	1865–1875
Alexander Cowan	1865–1866
William Neish	1865–1867
Daniel Mackenzie	1866–1895
George Hay Donaldson	1870–1872
Samuel Hyde	1870–1878
J. T. Rennie	1870–1878
George Middleton Kiell	1874–1878
Frederick Greene	1875–1910
Edward Wyld	1876–1887
Alexander Croll	1877–1881
Sir Wm. Henry Drake, K.C.B.	1877–1882
Sir Henry Barkly, K.C.B., G.C.M.G.	1878–1898
Fred Durant Deare	1881–1895
Robert Murray Smith, C.M.G.	1882–1887
Hugh Cameron Ross	1885–1902
James Drake, J.P.	1887–1908
Right Hon. Sir Hercules Robinson, Bart., G.C.M.G.	1889–1895
Frederick Chalmers	1895–1898
W. J. Anderson	1895–1897
Sir W. C. F. Robinson, G.C.M.G.	1895–1897
Right Hon. Lord Loch, G.C.B., etc.	1896–1900

Right Hon. Lord Welby, P.C., G.C.B.	1897–
Hon. Sir Charles Wm. Fremantle, K.C.B.	1898–
Nigel Martin Smith	1899–1904
Sir Spencer Walpole, K.C.B.	1899–1907
Sir David Miller Barbour, K.C.S.I., K.C.M.G.	1901–
Edward Brodie Hoare	1902–1911
Gerald Walter Erskine Loder, M.P.	1904–1905
William Reierson Arbuthnot	1905–
Robert E. Dickinson	1907–
Horace Peel	1908–
Right Hon. Sir Walter F. Hely-Hutchinson, P.C., G.C.M.G.	1910–1913
Edward Banbury	1911–1913
Right. Hon. Lord Sydenham, G.C.S.I., G.C.M.G., G.C.I.E., F.R.S.	1913–
James Fairbairn Finlay, C.S.I.	1913–

Date.	Subscribed Capital.	Paid-up Capital.	Reserve Fund.	Profit and Loss.	Half-yearly Distribution to Shareholders.
	£	£	£	£	%
30th June, 1863	1,000,000	72,950	10,100	5,624	6
31st Decr. 1863	1,653,400	287,521	11,890	15,224	5
30th June, 1864	1,703,900	411,090	20,000	20,068	4
31st Decr. 1864	2,316,100	487,520	56,000	24,791	4
30th June, 1865	2,316,100	487,570	26,000	25,234	2½
31st Decr. 1865	2,316,100	487,570	10,000	17,760	*Nil*
30th June, 1866	2,316,100	487,570	11,000	14,707	2
31st Decr. 1866	2,316,100	487,570	12,000	13,420	2
30th June, 1867	2,170,800	469,830	14,000	12,878	2
31st Decr. 1867	2,149,800	464,730	16,000	11,599	2
30th June, 1868	2,121,300	458,655	*Nil*	9,817	2
31st Decr. 1868	2,033,700	439,050	11,000	8,951	2
30th June, 1869	1,998,500	430,730	13,500	7,844	2
31st Decr. 1869	1,924,000	415,315	20,000	8,804	2
30th June, 1870	1,892,600	408,350	20,000	8,216	2
31st Decr. 1870	1,892,600	408,350	6,000	8,031	2
30th June, 1871	1,892,600	408,350	10,000	14,744	2½
31st Decr. 1871	1,892,300	408,320	20,000	26,945	4
30th June, 1872	1,892,300	408,320	30,000	30,465	5
31st Decr. 1872	1,892,300	408,320	40,000	30,932	5
30th June, 1873	1,892,300	408,320	50,000	30,512	5
31st Decr. 1873	1,892,300	408,320	60,000	31,868	5
30th June, 1874	2,000,000	440,105	75,000	35,863	5
31st Decr. 1874	2,000,000	482,015	100,000	47,139	5
30th June, 1875	2,000,000	531,620	120,000	49,410	5
31st Decr. 1875	2,400,000	600,000	135,000	51,658	6
30th June, 1876	2,400,000	600,000	150,000	52,032	6
31st Decr. 1876	2,400,000	600,000	170,000	53,533	6
30th June, 1877	2,400,000	600,000	170,000	48,191	7
31st Decr. 1877	3,400,000	850,000	180,000	54,213	6
30th June, 1878	3,400,000	850,000	270,000	63,249	6
31st Decr. 1878	3,400,000	850,000	285,000	67,631	6
30th June, 1879	3,400,000	850,000	315,000	86,743	8
31st Decr. 1879	3,400,000	850,000	335,000	91,892	8
30th June, 1880	3,400,000	850,000	360,000	95,929	8
31st Decr. 1880	4,000,000	1,000,000	500,000	92,117	8
30th June, 1881	4,000,000	1,000,000	510,000	92,955	8
31st Decr. 1881	4,000,000	1,000,000	520,000	102,907	9
30th June, 1882	4,000,000	1,000,000	530,000	92,543	8
31st Decr. 1882	4,000,000	1,000,000	530,000	61,337	6
30th June, 1883	4,000,000	1,000,000	530,000	61,447	6
31st Decr. 1883	4,000,000	1,000,000	400,000	49,964	5
30th June, 1884	4,000,000	1,000,000	400,000	50,391	5
31st Decr. 1884	4,000,000	1,000,000	400,000	50,911	5
30th June, 1885	4,000,000	1,000,000	400,000	50,106	5
31st Decr. 1885	4,000,000	1,000,000	400,000	50,784	5
30th June, 1886	4,000,000	1,000,000	400,000	51,364	5
31st Decr. 1886	4,000,000	1,000,000	400,000	50,480	5
30th June, 1887	4,000,000	1,000,000	400,000	51,074	5
31st Decr. 1887	4,000,000	1,000,000	425,000	74,851	5
30th June, 1888	4,000,000	1,000,000	450,000	85,266	6
31st Decr. 1888	4,000,000	1,000,000	475,000	85,210	6

Date.	Subscribed Capital.	Paid-up Capital.	Reserve Fund.	Profit and Loss.	Half-yearly Distribution to Shareholders.
	£	£	£	£	%
30th June, 1889	4,000,000	1,000,000	500,000	101,466	7
31st Decr. 1889	4,000,000	1,000,000	530,000	102,010	7
30th June, 1890	4,000,000	1,000,000	550,000	90,942	7
31st Decr. 1890	4,000,000	1,000,000	570,000	89,258	7
30th June, 1891	4,000,000	1,000,000	585,000	85,800	7
31st Decr. 1891	4,000,000	1,000,000	600,000	85,809	7
30th June, 1892	4,000,000	1,000,000	615,000	84,760	7
31st Decr. 1892	4,000,000	1,000,000	630,000	85,051	7
30th June, 1893	4,000,000	1,000,000	645,000	85,920	7
31st Decr. 1893	4,000,000	1,000,000	660,000	87,074	7
30th June, 1894	4,000,000	1,000,000	680,000	88,816	7
31st Decr. 1894	4,000,000	1,000,000	700,000	91,660	7
30th June, 1895	4,000,000	1,000,000	720,000	104,991	8
31st Decr. 1895	4,000,000	1,000,000	740,000	100,152	8
30th June, 1896	4,000,000	1,000,000	760,000	93,994	8
31st Decr. 1896	4,000,000	1,000,000	780,000	110,010	8
30th June, 1897	4,000,000	1,000,000	800,000	108,653	8
31st Decr. 1897	4,000,000	1,000,000	820,000	103,544	8
30th June, 1898	4,000,000	1,000,000	840,000	107,524	8
31st Decr. 1898	4,000,000	1,000,000	860,000	106,000	8
30th June, 1899	4,959,100	1,239,700	1,164,820	106,175	8
31st Decr. 1899	4,959,400	1,239,850	1,167,820	123,419	8
30th June, 1900	4,959,400	1,239,850	1,187,820	125,554	8
31st Decr. 1900	5,000,000	1,250,000	1,225,000	130,231	8
30th June, 1901	5,000,000	1,250,000	1,250,000	130,044	8
31st Decr. 1901	5,000,000	1,250,000	1,275,000	132,851	8
30th June, 1902	5,000,000	1,250,000	1,300,000	135,110	8
31st Decr. 1902	5,000,000	1,250,000	1,335,000	162,948	9
30th June, 1903	5,000,000	1,250,000	1,370,000	165,039	9
31st Decr. 1903	6,193,900	1,548,475	1,865,700	140,399	9
30th June, 1904	6,194,100	1,548,525	1,997,050	166,370	9
31st Decr. 1904	6,194,100	1,548,525	1,997,050	126,516	9
30th June, 1905	6,194,100	1,548,525	1,997,050	140,445	8
31st Decr. 1905	6,194,100	1,548,525	1,997,050	138,044	8
30th June, 1906	6,194,100	1,548,525	1,997,050	138,593	8
31st Decr. 1906	6,194,100	1,548,525	1,997,050	131,279	8
30th June, 1907	6,194,100	1,548,525	1,900,000	124,235	8
31st Decr. 1907	6,194,100	1,548,525	1,900,000	111,365	7
30th June, 1908	6,194,100	1,548,525	1,900,000	79,376	6
31st Decr. 1908	6,194,100	1,548,525	1,900,000	72,122	5
30th June, 1909	6,194,100	1,548,525	1,900,000	83,540	5
31st Decr. 1909	6,194,100	1,548,525	1,900,000	87,738	5
30th June, 1910	6,194,100	1,548,525	1,900,000	106,274	6
31st Decr. 1910	6,194,100	1,548,525	1,920,000	154,406	6½
30th June, 1911	6,194,100	1,548,525	1,940,000	147,855	6½
31st Decr. 1911	6,194,100	1,548,525	1,960,000	156,149	6½
30th June, 1912	6,194,100	1,548,525	1,970,000	152,732	6½
31st Decr. 1912	6,194,100	1,548,525	1,980,000	158,921	7
30th June, 1913	6,194,100	1,548,525	1,990,000	168,752	7
31st Decr. 1913	6,194,100	1,548,525	2,000,000	169,895	7

Date.	Notes in Circulation and Total Deposits.		Total Advances.	Cash, Short Loans and Investments.	Total Assets.
	£		£	£	£
30th June, 1863	114,154		158,561	41,561	202,728
31st Decr. 1863	678,755		809,375	130,161	993,421
	Notes in Circulation.	Total Deposits.			
	£	£			
30th June, 1864	106,897	508,200	1,208,670	210,642	1,478,911
31st Decr. 1864	122,296	472,602	1,282,177	135,254	1,489,703
30th June, 1865	180,007	408,854	1,411,682	103,327	1,579,784
31st Decr. 1865	90,783	367,753	1,179,974	92,684	1,332,977
30th June, 1866	81,461	372,204	1,121,973	118,162	1,300,818
31st Decr. 1866	75,724	461,727	1,122,760	139,478	1,322,479
30th June, 1867	86,779	411,061	1,153,420	113,121	1,334,338
31st Decr. 1867	95,170	451,057	1,199,921	118,077	1,382,680
30th June, 1868	75,741	448,359	1,226,677	98,124	1,369,094
31st Decr. 1868	72,437	433,237	1,111,018	114,253	1,269,315
30th June, 1869	61,701	437,130	1,242,941	130,678	1,417,404
31st Decr. 1869	88,240	458,287	1,274,587	122,532	1,438,553
30th June, 1870	115,138	460,695	1,326,292	128,511	1,495,981
31st Decr. 1870	117,417	504,138	1,370,011	129,419	1,545,920
30th June, 1871	206,951	652,457	1,760,996	181,836	1,988,228
31st Decr. 1871	574,545	910,013	2,027,498	519,784	3,032,028
30th June, 1872	549,989	1,196,621	2,014,289	646,449	3,197,336
31st Decr. 1872	589,040	1,335,747	2,267,476	754,666	3,585,355
30th June, 1873	544,984	1,459,735	2,315,132	902,636	3,804,733
31st Decr. 1873	539,071	1,410,420	2,324,041	715,775	3,543,930
30th June, 1874	551,614	1,670,889	3,262,027	547,573	4,507,516
31st Decr. 1874	400,029	1,753,090	3,090,794	592,271	4,317,938
30th June, 1875	349,274	1,968,545	3,161,318	616,839	4,480,510
31st Decr. 1875	305,514	2,009,980	3,238,880	591,371	4,574,355
30th June, 1876	314,923	2,390,490	3,676,604	632,196	5,160,552
31st Decr. 1876	259,988	2,718,007	3,761,963	794,946	5,454,592
30th June, 1877	283,243	3,029,387	3,865,411	1,022,869	5,807,729
31st Decr. 1877	308,702	3,043,757	4,771,064	931,919	6,691,201
30th June, 1878	432,040	3,650,693	5,682,273	1,016,915	7,677,249
31st Decr. 1878	503,607	4,801,824	5,873,233	1,603,043	8,423,726
30th June, 1879	577,588	5,294,610	6,258,570	1,851,094	9,150,777
31st Decr. 1879	652,002	5,132,804	6,070,545	2,147,358	9,332,777
30th June, 1880	578,678	6,055,301	6,427,995	2,016,979	9,799,948
31st Decr. 1880	711,360	6,081,926	7,548,171	1,886,473	10,888,235
30th June, 1881	764,586	8,279,287	9,676,431	2,244,057	13,525,180
31st Decr. 1881	688,366	7,247,507	8,587,184	1,935,265	12,136,553
30th June, 1882	599,778	7,200,415	8,018,991	2,179,290	11,940,838
31st Decr. 1882	539,085	7,292,592	8,011,257	2,144,610	11,825,994
30th June, 1883	507,777	7,665,306	8,101,499	2,278,746	12,059,650
31st Decr. 1883	521,989	7,350,256	7,134,384	2,632,337	11,411,837
30th June, 1884	459,501	7,852,859	6,378,723	3,859,116	11,786,199
31st Decr. 1884	460,215	6,660,874	6,088,042	2,816,439	10,405,130
30th June, 1885	419,900	5,837,557	4,990,172	3,114,394	9,511,587
31st Decr. 1885	345,165	4,877,311	4,672,682	2,316,446	8,311,510
30th June, 1886	308,174	4,398,083	4,532,483	1,857,296	7,571,925
31st Decr. 1886	411,733	4,768,914	4,636,878	2,165,756	7,990,667
30th June, 1887	481,900	5,195,031	4,970,408	2,371,649	8,635,335
31st Decr. 1887	497,815	5,925,736	6,306,135	1,825,615	9,577,651

Date.	Notes in Circulation.	Total Deposits.	Total Advances.	Cash, Short Loans and Investments.	Total Assets.
	£	£	£	£	£
30th June, 1888	678,556	6,809,915	6,236,085	2,934,328	10,543,563
31st Decr. 1888	737,187	7,259,778	5,874,606	3,910,152	11,307,293
30th June, 1889	895,942	8,908,995	6,774,996	5,011,788	13,788,427
31st Decr. 1889	1,210,555	9,014,710	7,353,600	4,802,696	14,414,586
30th June, 1890	861,290	8,041,074	6,456,993	4,391,547	12,973,443
31st Decr. 1890	768,060	8,881,092	7,216,240	4,446,461	13,608,196
30th June, 1891	696,203	7,814,570	6,231,937	4,285,097	12,158,469
31st Decr. 1891	628,972	7,743,192	6,352,176	4,005,303	11,880,108
30th June, 1892	525,430	8,275,413	6,402,537	4,363,972	12,350,635
31st Decr. 1892	624,443	7,740,698	6,582,686	3,808,442	12,196,409
30th June, 1893	667,323	7,759,766	6,274,941	4,287,374	12,207,162
31st Decr. 1893	641,621	8,132,831	7,010,495	3,767,753	12,565,727
30th June, 1894	605,733	8,547,661	6,401,066	4,864,976	13,033,501
31st Decr. 1894	676,825	9,048,352	6,962,766	4,735,424	13,412,879
30th June, 1895	730,389	11,462,721	6,100,833	8,202,009	15,873,510
31st Decr. 1895	834,819	15,246,053	5,772,347	12,621,077	19,931,199
30th June, 1896	924,810	14,767,393	6,138,335	11,727,111	19,524,657
31st Decr. 1896	1,040,662	13,490,121	7,049,019	9,779,371	18,422,059
30th June, 1897	958,119	11,770,559	8,127,575	6,885,038	16,833,691
31st Decr. 1897	976,796	11,029,056	9,424,383	4,836,503	16,087,335
30th June, 1898	910,060	10,296,389	9,042,103	4,975,958	15,979,252
31st Decr. 1898	930,504	10,549,854	9,678,668	4,484,699	16,057,811
30th June, 1899	1,049,073	13,241,173	8,935,096	8,270,788	19,326,778
31st Decr. 1899	1,146,150	13,141,423	8,547,606	8,825,269	19,473,031
30th June, 1900	1,260,075	14,884,220	9,388,403	9,843,590	21,312,600
31st Decr. 1900	1,253,684	16,931,474	10,946,205	10,382,903	23,423,522
30th June, 1901	1,303,452	17,761,252	10,030,743	12,361,926	24,512,291
31st Decr. 1901	1,287,213	18,875,703	11,708,188	11,662,507	25,366,418
30th June, 1902	1,420,498	24,144,291	14,559,234	14,406,816	31,034,764
31st Decr. 1902	1,477,172	23,348,241	15,171,738	13,055,788	31,303,613
30th June, 1903	1,374,304	20,793,597	15,828,668	10,848,674	30,661,746
31st Decr. 1903	1,267,830	18,357,172	14,381,206	9,742,618	28,489,036
30th June, 1904	1,090,557	18,816,289	12,827,011	11,230,057	27,697,417
31st Decr. 1904	1,071,567	19,479,027	13,714,284	10,923,623	27,930,084
30th June, 1905	1,077,649	21,835,265	14,992,718	12,591,697	30,934,663
31st Decr. 1905	1,025,172	20,413,040	16,166,298	9,934,382	29,249,665
30th June, 1906	1,063,853	19,904,783	15,667,163	9,980,825	28,963,895
31st Decr. 1906	1,060,339	19,133,621	15,339,627	9,314,919	28,015,035
30th June, 1907	1,012,125	17,785,870	14,040,645	9,028,893	26,348,961
31st Decr. 1907	929,333	18,377,856	13,534,821	9,669,182	26,171,558
30th June, 1908	845,591	18,645,966	12,526,688	11,082,004	26,651,947
31st Decr. 1908	846,131	17,943,768	13,468,817	9,523,283	26,040,790
30th June, 1909	855,669	17,114,228	12,940,707	9,377,955	25,379,671
31st Decr. 1909	978,202	17,282,245	13,415,216	9,389,092	25,789,985
30th June, 1910	1,084,822	17,690,565	13,798,629	9,515,696	26,509,190
31st Decr. 1910	1,142,808	17,544,159	14,530,630	8,680,156	26,435,741
30th June, 1911	1,151,478	18,211,346	15,160,260	8,305,546	26,960,785
31st Decr. 1911	1,165,471	19,142,055	16,124,894	8,370,343	27,367,183
30th June, 1912	1,133,081	19,553,471	15,745,881	8,754,597	27,157,284
31st Decr. 1912	1,177,291	20,845,263	16,844,725	8,986,177	28,775,102
30th June, 1913	1,151,110	21,058,239	17,368,190	9,149,998	29,724,123
31st Decr. 1913	1,119,131	20,900,321	17,699,979	8,803,386	29,626,460

Claim against the Imperial Government in the matter of the Specie commandeered by the Government of the late South African Republic from British Banks.

STATEMENT OF THE CASE FOR THE BANKS.

THE following is a brief recapitulation of the circumstances of the seizure by the Government of the late South African Republic, from the British Banks carrying on business in Pretoria in March, 1900, of, in all, £255,000 in specie, and of the grounds on which the Banks in question claim repayment of the amount from the British Government.

The full text of the correspondence which has passed between the Colonial Office and the Banks on the subject is appended hereto.

On the 24th March, 1900, the Government of the late South African Republic commandeered £255,000 from the British Banks at Pretoria, the amount being composed as follows :—

From the	Standard Bank - - - - -	£150,000
,,	Bank of Africa - - - - -	50,000
,,	African Banking Corporation -	35,000
,,	Natal Bank - - - - - -	20,000

The Banks had no power to resist, but they made it clear to the Transvaal Government that the coin was only surrendered under *force majeure*.

When commandeering the coin, the Transvaal Government informed the Banks that, later on, native gold would be handed them as " security " for the specie taken.

All the facts of the incident were communicated by the General Manager of the Standard Bank at Cape Town to the High Commissioner, Sir Alfred—now Lord—Milner.

Lord Milner advised the Banks to decline to accept from the Transvaal Government the native gold, as it might be of uncertain ownership.

The Directors of the Standard Bank, before receiving the High Commissioner's opinion, had been advised by Counsel in this country to accept the native gold by way of *security*—not as an equivalent for the specie taken.

The matter was therefore again referred to Lord Milner, through the General Manager of the Standard Bank at Cape Town, and in reply, Lord Milner stated that, while disclaiming any desire to instruct, his opinion was unchanged that the Banks' claim should not be complicated by the acceptance of dubious security. A decision of the Transvaal Courts has, however, shewn that he was mistaken in his opinion as to the doubtfulness of the security.

The Board of the Standard Bank then laid the matter before the Colonial Office, who recommended that the advice of Lord Milner should be followed.

The General Manager of the Standard Bank was consequently authorised to follow the advice of the High Commissioner and to refuse the native gold, a course which was acquiesced in by the other Banks.

The Banks' claim for repayment by the British Government is embodied in their letter of the 21st November, 1902, to the Colonial Office and subsequent letters—in reply to communications from the Colonial Office—dated 28th January, 1903, 29th July, 1903, 11th November, 1903, and 10th February, 1904. The full text of these letters is attached hereto. The claim, as presented, rests on the following grounds :—

(*a*) The Government of the late South African Republic having ceased to exist, and the British Crown having by its act of annexation deprived the Banks of their legal remedy against that State, they ask the British Government, as succeeding to the assets of the late Republic, to repay them the amount.

(*b*) Had the Banks not followed the advice of the representative of Her Majesty's Government in South Africa, they would have been indemnified from loss by the possession of security which, as events have since proved, was perfectly valid. Acting on legal advice the Banks were prepared to accept the security, but they declined it in deference to the

opinion of Lord Milner and the Colonial Office, and because they desired to act in all respects in accordance with the wishes of the British Government.

(*c*) When the war broke out, the Banks interested were unable to remove their assets from the Transvaal, as the export of Specie had been forbidden. Any attempt to send the coin out of the country would doubtless have led to its being seized. Further, the Banks desired to fulfil their obligations to their customers, who were, for the most part, British subjects, and for whom large sums of money were held in trust.

The Specie Reserves of the four Banks in the Transvaal at the outbreak of the war aggregated £909,679, and if seized, would have been of great assistance to the Government of the late South African Republic in the prosecution of the war. Therefore by remaining in the Country the Banks rendered the British Government good service.

(*d*) The Banks remained in the Transvaal with the full knowledge, consent, and approval of the Imperial Government. The High Commissioner, indeed, drew up regulations for the conduct of the Banks' business in the Transvaal during the war. These regulations were scrupulously observed by the Banks, whose primary object was to take no action which might assist the Queen's enemies.

Moreover, after the war had broken out, the Secretary of State for War formally recognised the position of the Standard Bank in the Transvaal by applying to them to arrange for the supply of funds to the British Officers and men who were at that time prisoners of war at Pretoria.

(*e*) The Banks do not claim *compensation* for damage to their property. The money was taken as a forced Loan and they simply ask that this forced Loan may be repaid. The gold taken became as legally a debt of the Transvaal Government as the Transvaal Government 5 per cent. Bonds, which have been recognised by the British Government.

(*f*) The commonly recognised maxim of International Law that "an annexing State is not bound to recognise obligations incurred by the annexed State during the war which resulted in annexation" can be applied in neither equity nor reason to a case which is attended by so many special features as to place it altogether outside the scope of that principle (see letter of 28th January, 1903, to Colonial Office).

(*g*) The Transvaal Republic was not in a position of

complete independence of the British Crown, and we as British subjects were entitled to the protection of Article 14 of the London Convention of 1884, which reads :—

> "All persons, other than natives, conforming themselves to the laws of the South African Republic (*a*) will have full liberty, with their families, to enter, travel, or reside in any part of the South African Republic ; (*b*) they will be entitled to hire or possess houses, manufactories, warehouses, shops and premises ; (*c*) they may carry on their commerce either in person or by agents whom they may think fit to employ ; (*d*) they will not be subject, in respect of their persons or property, or in respect of their commerce or industry, to any taxes, whether general or local, other than those which are or may be imposed on citizens of the said Republic."

(*h*) The British Government has, on more than one occasion, given compensation under similar circumstances, and the facts of two cases where this was done are fully quoted in the letter to the Colonial Office dated 11th November, 1903.

The cases quoted are :—

1. The Spanish War in 1804, in which case the Spaniards sequestrated the Property, Book-debts and Merchandise in Spain of British Subjects to the extent of £63,436.

2. The Danish War in 1807 where the King of Denmark confiscated the property, etc., of British Subjects ; and the debts due to such British Subjects, were directed to be paid into the Danish Treasury.

In each case British Subjects were carrying on business in a foreign country, and in each case that Country declared war against the British Government, and seized the property in its territory of such British Subjects.

In the cases of the wars with Spain and Denmark the British *Parliament* (after repudiation of liability by the *Government*) granted compensation to the British subjects whose property had been seized, as follows :—

To sufferers by the Spanish War	-	£56,845
To sufferers by the Danish War	-	£278,481

The Banks contend that there is no distinction between their case and the precedents ; the case of the Banks, indeed, being, in certain respects, even stronger than the precedents.

The British Government, however, refuses to acknowledge the claim.

(*i*) The decision of the Colonial Office that no legal responsibility rests upon His Majesty's Government has never been disputed. But the claim of the Banks is, in equity, irresistible.

FULL TEXT OF CORRESPONDENCE.

STANDARD BANK OF SOUTH AFRICA, LTD.,
10, CLEMENTS LANE, E.C.,
18th June, 1901.

The Under Secretary of State, Colonial Office, S.W.

SIR,

I have the honour to state that the Directors of the Standard Bank of South Africa have had recently before them a report from their General Manager in South Africa, requesting their instructions as to the proceedings to be taken with respect to the gold which you will probably recollect was commandeered from the Bank by the Government of the late South African Republic.

The facts are as follows :—On March 21st, 1900, the Manager of the Standard Bank in Pretoria received a written communication from the Treasurer General of the late Transvaal Republic, requiring him to provide a sum of £260,000 minted money, to be repaid within reasonable time after the close of the war, and offering as " security " for the repayment an equal amount of unminted gold. A similar letter was addressed to the Managers of four other Banks, who were required, in the aggregate, to supply a sum of £240,000 on the same conditions.

The local Managers of the five Banks concerned refused to comply with the letter which was thus addressed to them, as they considered that the tenor of the letter and the mention of security implied that the transaction was in the nature of a loan, and that any such loan to a hostile Government was obviously illegal ; and the General Manager of the Standard Bank at Cape Town, after consulting the High Commissioner, directed the local Manager to refuse to accept the native or unminted gold, which, it was alleged, would be offered as a security. My Directors were subsequently favoured with an interview by Sir Robert Herbert, who was acting as Under Secretary of State for the Colonies, and, being advised

by him to act upon Sir Alfred Milner's opinion in this respect, confirmed the action of their General Manager.

As a matter of fact, the Government of the late Transvaal Republic did not tender any native gold as security, but they reduced the demand on the Banks from £500,000 to £260,000, which they commandeered on the 24th March. The share of this sum which the Standard Bank was required to pay amounted to £150,000. A protest was thereupon lodged against the seizure, and His Excellency the High Commissioner informed of the occurrence.

In October, 1900, we were informed that our Manager at Pretoria, in response to a request of the Committee at Johannesburg for Commandeered, Looted and Stolen Property, had sent in a statement, giving details of the specie commandeered at Pretoria and looted at Newcastle, adding also sundry amounts commandeered from the Bank and its staff at various Transvaal Branches under Martial Law, all paid by the Bank, the whole amounting to £151,628 0s. 3d. For purposes of the present communication, however, we deal only with the principal sum of £150,000 in specie commandeered at Pretoria Branch.

My Directors submit that the moneys thus forcibly seized from the Bank by the then existing Government of the Transvaal are a legitimate charge on the assets of that Government, which have passed into the hands of His Majesty's Government. They therefore desire to lay before the Secretary of State their claim for repayment, trusting that His Majesty's Government will take that claim into their favourable consideration when the time arrives for definitely organising the finances of the Transvaal Colony.

I have the honour to be, Sir,

Your obedient Servant,

(Signed) H. SHELTON CORBETT,
Secretary.

Downing Street, 5*th July*, 1901.

Sir,

I am directed by Mr. Secretary Chamberlain to acknowledge receipt of your letter of the 18th June, on the subject of the gold which was commandeered from the Standard Bank by the Government of the late South African Republic.

2.—Mr. Chamberlain regrets the loss to which the Bank has been exposed, but he is advised that His Majesty's Government are not bound by International or other law to recognise obligations

incurred by the Government of the late South African Republic during the war.

I am, Sir, your obedient Servant,

(Signed) H. BERTRAM COX.

The Secretary, Standard Bank of South Africa, Limited.

21st November, 1902.

The Under Secretary of State, Colonial Office, S.W.

SIR,

We represent Banks carrying on business in South Africa, viz. :—The Standard Bank of South Africa, Limited ; the Bank of Africa, Limited ; the African Banking Corporation, Limited ; and the Natal Bank, Limited ; and we ask your leave to submit to you a case which, we venture to think, deserves favourable consideration from His Majesty's Government.

The Banks in question have been established in South Africa for many years, and branches were opened in the Transvaal after its annexation by the British Government in 1877. In 1881 the Transvaal was ceded again to the Boers, but the Banks did not close their branches, relying on those Articles in the Conventions of 1881 and 1884, in which the Queen's Government made it a condition that all persons other than natives conforming themselves to the laws of the Transvaal State should be at liberty to carry on business in the Transvaal.

Thus the Banks were legally carrying on their business in the Transvaal under the protection of those Articles when the war between Great Britain and the two South African Republics broke out in October, 1899.

As a proof that these Banks were most anxious to conform in every way to the suggestions of the British Government, the following letter may be quoted. It was addressed to the Under Secretary of State for the Colonies on 22nd September, 1899, by the Manager of one of the above-mentioned Banks, viz. :—

> " This Bank has branches at Johannesburg and Pretoria where large sums of money are on hand and securities of great value in our care.
>
> " In the interests of the shareholders, I am naturally anxious to protect the Bank as far as possible in these critical times, and I thought it possible you might be in a position to give English Banks carrying on business in the Transvaal some

indication of what action they should take under the circumstances. Is it better to keep our business in Johannesburg going as long as possible, or would the more prudent course be to close our offices and remove our treasure? If you can see your way to make any suggestion, or to give me any information with regard to the probable course of events with respect to Banks and business houses in the Transvaal in the event of war I shall be greatly indebted to you."

To this letter no reply was received, but the Standard Bank of South Africa received in reply to their letter on the same subject an answer to the effect that, provided no assistance was rendered to the Queen's enemies, the Government had no desire to interfere.

On the outbreak of war, the export of specie from the Transvaal was prohibited, and the Banks had, of course, to consider very carefully whether they would, or would not, close their Branches in the enemy's country. Had they closed them, they feared that the large amount of specie in their coffers would be seized by the Transvaal Government, and such a result would not only have been injurious to their Shareholders, but would have strengthened the resources of Her Majesty's enemies. Apart, however, from this consideration, the Banks, on a careful study of the situation, came to the conclusion that, holding large sums of money in trust, they were bound to fulfil their obligations to their customers, who were, for the most part, British subjects, and for that purpose to carry on their ordinary business unless they were enjoined by the Queen's Government, or forced by the Government of the Transvaal, to close their establishments in the territories of the Republics. They therefore kept their Branches open, but with strict injunctions to their officers to commit no act that was inconsistent with their primary duty as British subjects.

The High Commissioner and the Colonial Office were aware that the Banks continued to carry on their business in the enemy's country, but neither the High Commissioner nor the Colonial Office required, suggested, or recommended withdrawal.

In March, 1900, the Government of the Transvaal Republic enforced payment from the Banks of the following sums, viz. :—

From Standard Bank - - - - -	£150,000
,, Bank of Africa - - - - -	50,000
,, African Banking Corporation - -	35,000
,, Natal Bank - - - - -	20,000

This coin was commandeered under a resolution of the Transvaal Executive. All the gold taken is therefore as legally a debt of the

State as the Transvaal Five per cent. Bonds. Formal Government receipts were issued, and the Government offered to lodge native gold as an equivalent for the specie commandeered.

The Resolution passed by the Transvaal Executive on 20th March, 1900, reads as follows :—

> " Resolved that the Treasurer General hereby be empowered to take up the commandeered minted money at present in the Banking Institutions in the country other than the Nationale Bank to a total amount of about £500,000 with this understanding, that it shall be left at the discretion of the Treasurer General in conjunction with State Attorney to determine what shall be commandeered from each Bank separately to arrive at the total aforementioned, and further that these monies be deposited in the name of the Government of this Republic in the Nationale Bank of the South African Republic, and that as security for the paying back later on of these monies on the Government's behalf, a security shall be received by each Banking Institution equal in value to the money commandeered."

On the 21st March, 1900, the Managers of the four Banks held a meeting at the Standard Bank, Pretoria, and as a result of their discussions it was, *inter alia*, unanimously agreed that :—

> 1. The form of letter commandeering the specie could not be accepted by the Banks, inasmuch as the expression " security " contained therein implied a loan from the Banks to the Transvaal Government, a transaction which is barred under the various Imperial Proclamations, more especially that of the High Commissioner dated 10th January, 1900.
>
> 2. The Transvaal Government should be requested to allow the Branch Managers to communicate by wire with their respective Head Offices.
>
> 3. It should be clearly conveyed to the Transvaal Government that the Banks could, under no circumstances, permit any construction of the nature of a " deal " to be placed on the commandeering of the specie, and that the Banks make it definitely understood that they comply with the order by exhibition of force only.

On the 22nd March, the Managers had a meeting at the Standard Bank with the Treasurer General (N. S. Malherbe), and the State Attorney (J. Smuts). On that occasion, the Government agreed to the Banks cabling to their Head Offices. It was also stated that the coin would be fetched from the Banks and not deposited

by the Banks themselves at the Nationale Bank, as previously ordered, and it was intimated that the Government would compel the Banks to accept the native gold which would be handed in later on.

The General Manager of the Standard Bank at Cape Town, on learning these facts, informed the High Commissioner of the offer of gold, and the High Commissioner advised the Banks to decline to accept from the Transvaal Government any native gold, as it might be of uncertain ownership. On this the General Manager of the Standard Bank telegraphed to the Manager at Pretoria not, under any circumstances, to accept native gold against the specie forcibly seized.

The Directors of the Standard Bank in London, before receiving the High Commissioner's opinion from their General Manager at Cape Town, had been advised by Counsel in this country to accept the native gold, not as an equivalent for the commandeered coin, but as security, and always under protest as to the whole transaction. The advice which they thus received from Counsel appeared to them the more worthy of consideration because the Colonial Office had addressed a communication to the African Banking Corporation on the 20th April, 1900, in which it was said that :—

> " Her Majesty's Government are of opinion that the action of the Banks in receiving native gold against gold coin being taken under compulsion or duress is not obnoxious to the penalties of trading with the enemy."

Having regard, therefore, to the advice which they had received from their Counsel, and to the Colonial Office letter of the 20th April, the Directors of the Standard Bank directed their General Manager to ascertain from the High Commissioner whether the terms of the communication from the Colonial Office in any way affected his opinion, and they received on the 12th May, 1900, a reply that the High Commissioner, while disclaiming any desire to instruct, stated that his opinion was unchanged that the Bank's claim should not be complicated by the acceptance of dubious security.

The Board of the Standard Bank thereupon sought an interview with Sir Robert Herbert, who was acting as Under Secretary of State for the Colonies, and laid the matter before him, and he recommended that, in the absence of fresh instructions from the Colonial Office, the High Commissioner's views should be acted upon, and the Directors of the Standard Bank consequently authorised their General Manager to follow the advice of the High Commissioner.

This decision was communicated to Sir Robert Herbert, and the policy indicated was acquiesced in by the other Banks

We therefore contend that if it had not been for the advice given by the High Commissioner, supported as it was by Sir Robert Herbert, the Directors of the four Banks would have directed their officers to accept the native gold which had been officially and spontaneously promised, and there seems no reason to doubt that, in that case, the Transvaal Government officials at that time would have put the Banks in possession of native gold equal in value to the coin that had been commandeered.

The Government of the late Republic having ceased to exist, the Banks have no longer any remedy against it, and they are advised that as the action of the Transvaal Government was, under the circumstances, legal, they have no remedy against the persons who actually ordered and carried out the seizure of their specie. But as, by the annexation of the Transvaal, His Majesty's Government has succeeded to the assets of the late Government of the Transvaal, they appeal to them to discharge a debt which they have every reason to believe would have been discharged if the Transvaal had not been annexed, and for which, in any case, they would have possessed sufficient security if they had accepted the native gold offered in the first instance by the late Government of the Transvaal, and which the High Commissioner recommended them to refuse.

The Banks therefore believe that when all the circumstances of the case have been closely examined, it will be found that they have a very strong, and, in equity, an irresistible claim on His Majesty's Government.

We have the honour to be, Sir,
Your obedient Servants,

For The Standard Bank of South Africa, Ltd.,
(Signed) WELBY, Director.

For The Bank of Africa, Ltd.,
(Signed) J. FLEMING BLAINE,
Chairman of the Board of Directors.

For The African Banking Corporation, Ltd.,
(Signed) EDWARD WEBB,
Chairman of the Board of Directors.

For The Natal Bank, Ltd.,
(Signed) THOMAS BELL,
Member of the London Committee of Management.

Downing Street, 15*th December*, 1902.

GENTLEMEN,

I am directed to acknowledge the receipt of the letter of 20th ultimo signed by Lord Welby on your behalf and by representatives of certain other South African Banks in which a claim is preferred for compensation in respect of gold commandeered in March, 1900, by the Government of the late South African Republic.

2. In reply, I am to refer you to the letter sent by this Department to the Standard Bank on the 5th July, 1901, and to express regret that His Majesty's Government are unable to entertain the claim.

3. Your letter lays stress on the fact that in March, 1900, the High Commissioner advised the Banks not to accept any native gold that might be tendered in return for coin commandeered, and that the Banks instructed their Branches in the Transvaal accordingly.

4. With regard to this, I am to observe that in asking for the High Commissioner's advice the Banks never implied that His Majesty's Government would assume any liability for loss which they might incur by acting on that advice, and that if any such construction had been placed on the request, the position which His Majesty's Government had uniformly taken up as regards compensation to large firms and Companies leaves no room for doubt as to what the answer would have been.

I am, Gentlemen,

Your obedient Servant,

(Signed) H. BERTRAM COX.

The Board of Directors,
Standard Bank of South Africa, Ltd.

28*th January*, 1903.

The Under Secretary of State,
Colonial Office, S.W.

SIR,

We beg to acknowledge receipt of Mr. Bertram Cox's letter No. 48,277/02, of 15th December last, regarding a claim which we preferred in respect of specie to the amount of £255,000 commandeered by the Government of the late South African Republic.

In Mr. Cox's letter, His Majesty's Government express their regret that they are unable to entertain the claim, and refer us to a communication from the Colonial Office to the Standard Bank of South Africa, dated 5th July, 1901. A reference to the communication of 5th July, 1901, shows that the reason assigned at that time for rejecting the claim made by the Standard Bank of

South Africa was that Mr. Chamberlain was "advised that His Majesty's Government are not bound by International or other law to recognise obligations incurred by the Government of the late South African Republic during the war."

In the letter now under reply, the Colonial Office also deals with our argument that in refusing the security proffered by the Government of the late South African Republic we acted on the advice of the High Commissioner, and observe that

> "in asking for the High Commissioner's advice the Banks never implied that His Majesty's Government would assume any liability for loss which they might incur by acting on that advice, and if any such construction had been placed on the request, the position which His Majesty's Government had uniformly taken up as regards compensation to large firms and Companies, leaves no doubt as to what the answer would have been."

2. The question at issue is one of so much importance to the Shareholders of the Banks we represent, that we consider it necessary to submit some further remarks on the subject, and we trust we shall be excused for so doing, in consideration of the fact that although it is said that His Majesty's Government are not bound by International Law to recognise our claim, there is nothing to show that in applying the principles of International Law to that claim the special circumstances of our case have been adequately considered.

We base the latter statement on the fact that, in the communication of the 5th July, 1901, already referred to, our claim is rejected on the simple ground that the obligation to us of the late South African Republic was incurred during a period of war with His Majesty's Government, and no reference is made to the very unusual circumstances under which the obligation was incurred.

Putting aside altogether the question of equity, we are in a position to show that the circumstances of our case were such as to wholly remove it from the operation of that principle of International Law which says that an annexing State is not bound to recognise the obligations incurred by the annexed State while the two States were at war.

3. As a preliminary remark, we wish to observe that the statement in the opening paragraph of Mr. Bertram Cox's letter of the 15th December, 1902, to the effect that we have preferred a claim for *compensation* in respect of gold commandeered in March, 1900, is hardly sufficiently precise. We do not prefer a claim for compensation in respect to damage suffered by our property being

taken from us by the late Government of the South African Republic. What that Government took from us was current coin of full legal tender, and that it was taken as a forced loan is evident from the fact that it was proposed to give us raw gold as security. We do not therefore claim compensation for damage ; we simply ask that the money taken from us as a forced loan may be repaid.

The distinction may not seem at first sight to be one of much importance, but it appears to us that the question of paying compensation for damage done during the war, and the question of meeting obligations by way of loan incurred by the late Government of the South African Republic do not rest on the same footing.

4. His Majesty's Government having decided that the fact of our having asked and followed the advice of the High Commissioner does not involve the State in liability to make good the loss which we incurred by acting on that advice, we have nothing further to say on that point, beyond remarking that we not merely asked the advice of the High Commissioner, but laid his advice before Sir Robert Herbert, who was then acting as Under Secretary of State for the Colonies, and who recommended that, in the absence of fresh instructions from the Colonial Office, the High Commissioner's views should be acted upon.

We acknowledge that the High Commissioner, in giving us the benefit of his opinion in the very difficult circumstances in which we were placed, was actuated solely by a desire to protect our interests, and we are grateful to him for the good feeling which induced him to interest himself in the matter. But while we have no option but to accept the decision of His Majesty's Government that our acting on the advice of the High Commissioner did not involve the State in liability to make good the consequent loss to which we became exposed, we wish to lay special stress on this portion of our case, as shewing unmistakably the good faith in which we acted, our desire to fulfil in the most complete manner our duties as British subjects, and our resolve to consent to nothing which might assist His Majesty's enemies. It will be seen hereinafter that this consideration has an important bearing on the claim which we have made.

5. As we have already mentioned, the general ground on which it is proposed to reject our claim is stated in Mr. Bertram Cox's letter of 5th July, 1901, and is substantially, that under International Law His Majesty's Government is not bound to recognise obligations incurred by the Government of the late South African Republic during the war.

Although His Majesty's Government do not expressly say so, we infer that if the debt of which we claim repayment had been incurred in time of peace, and without reference to a state of war, His Majesty's Government would have followed the common rule of International Law and accepted liability. In other words we understand that His Majesty's Government disclaim any liability to make good the obligations incurred by the late South African Republic on the ground that that obligation was incurred at a time when war prevailed between His Majesty and the late Republic, and they base this decision on the commonly recognised maxim of International Law, that "an annexing State is not bound to recognise obligations incurred by the annexed State during the war which resulted in annexation."

6. In connection with the argument stated in the preceding paragraph, we desire to observe that the principles of International Law are not found in any code or Statute laid down by a supreme legislative authority, which must be interpreted simply with reference to the terms in which it is expressed.

They consist rather of a code of rules, as stated, with greater or less difference of opinion, by eminent jurists of recognised authority, and as accepted in practice by the various civilized nations which have had to deal from time to time with questions involving the application of International Law.

Under these conditions we submit that it is neither equitable nor reasonable to apply a general statement of an ordinary principle of International Law in solution of a case which is attended by so many special features as to place it altogether outside the scope of that principle, and we hold that the only proper method in such cases is to take into examination both the special features of the case under consideration, and the grounds on which the alleged principle is based.

The rule of International Law that an annexing State is not bound to recognise debts incurred during the period of war, is based on the expediency of adopting that line of policy which has the effect of reducing the resources of the hostile State, and in so far as regards the person making the loan, it is justified by the consideration that, in making the loan during a time of war, he acts with his eyes open and with a full knowledge of the risks he runs.

It is hardly necessary for us to point out that neither of these considerations applies in the present case. We did not lend money willingly to the late South African Republic. It was taken from us by force, and if His Majesty's Government refuse to accept the

debt their action will not have the slightest effect in reducing the resources of any State in which His Majesty may engage in war in the future, or of preventing such State from seizing (if so disposed) any money on which it can lay its hands. Nor, on the other hand, can it be alleged that we acted with our eyes open, and accepted the risk. We did not willingly make the loan ; we refused to do so ; we protested against the action of the late South African Republic, and only submitted to force. Moreover, we laid the facts of the case at the time before the highest representative of the Crown in South Africa ; we sought his advice ; we followed it, and we decided to refuse the security which was offered, and which would have fully covered our claim.

Even without this security, we are confident that the South African Republic would have repaid our debt if it had not been annexed, and apart from all other circumstances of the case, we consider it unjust that the decision of His Majesty's Government to annex the Transvaal should operate to deprive British subjects of their lawful claim to the repayment of money taken from them by a forced loan.

7. In conclusion we desire to say that as our claim is opposed in reliance on advice given to His Majesty's Government, and which advice appears to have been based on a maxim of International Law (now shown by us to be inapplicable to the circumstances of our case), we respectfully adhere, notwithstanding anything that has been said to the contrary, to our former statement that our claim is in equity irresistible, and we are unable to admit that it is barred by International Law.

We have the honour to be, Sir,
Your obedient Servants,

For The Standard Bank of South Africa, Ltd.,
(Signed) C. W. FREMANTLE,
Director and Acting Chairman.

For The Bank of Africa, Ltd.,
(Signed) HERMAN B. SIM,
Acting Chairman of the Board of Directors.

For The African Banking Corporation, Ltd.,
(Signed) EDWARD WEBB,
Chairman of the Board of Directors.

For The Natal Bank, Ltd.,
(Signed) GEO. H. RAW,
Member of the London Committee of Management.

Downing Street, 10*th February*, 1903.

GENTLEMEN,

I am directed to acknowledge receipt of the letter of the 28th ultimo, signed by Sir C. W. Fremantle on your behalf, and by representatives of the Bank of Africa, Limited, the African Banking Corporation, Limited, and the Natal Bank, Limited, on the subject of your claim in respect of specie commandeered by the Government of the late South African Republic.

2. The object of your letter under acknowledgment is understood to shew that the claim of the Banks is not one for compensation for war damage, but for the repayment of a forced loan levied on the Banks by the Government of the late South African Republic. It is, in effect, a request that His Majesty's Government will recognise in this case a debt of the late Republic incurred during the war and for the express purpose of enabling it to carry on that war.

3. I am to state that His Majesty's Government are advised that they are entitled to decline to accept any obligation in respect of such debts, and while they much regret the loss to which the Banks connected with South Africa, in common with many other British subjects, must suffer from their inability to recover from the Governments of the late Republics, they feel that it is impossible to make any exception to the rule by which they are guided in such matters.

I am, Gentlemen,

Your obedient Servant,

(Signed) H. BERTRAM COX.

The Board of Directors,
Standard Bank of South Africa, Ltd.

9*th July*, 1903.

The Under Secretary of State for Colonial Affairs,
Downing Street, S.W.

SIR,

On behalf of the Banks which we severally represent, we have the honour to acknowledge the receipt of your favour of the 10th February last, in which you state that His Majesty's Government are advised that they are entitled to decline to accept any obligation in respect of a debt of the late Transvaal Republic, incurred during the recent war, for the purpose of enabling it to carry on that war.

In reply, we desire to state that we have no intention of questioning the soundness of the legal advice which His Majesty's Govern-

ment have received and on which its decision is based, but we venture at the same time to think that, apart from the legal question involved, there are circumstances affecting the case which deserve, and which we hope may receive, due consideration from His Majesty's Government, and we trust that we may ask Mr. Secretary Chamberlain to give us an opportunity of personally explaining to him the reasons which induce us to hold that opinion.

We need hardly point out to you that the question is one of very great importance to our Shareholders, and that we should not be doing our duty to them if we did not take every means in our power to lay before His Majesty's Government the views which are widely held by them upon the subject.

We hope therefore that we may ask you to move Mr. Secretary Chamberlain to receive—at any hour which is convenient to himself—a deputation from the various Banks who have suffered from the action of the Government of the late Transvaal Republic in commandeering gold, in order that the members of the deputation may be able to explain to him personally the grounds on which we still think that we are entitled, not in law, but in equity, to a favourable consideration of our case.

We have the honour to be, Sir,
Your obedient Servants,

For The Standard Bank of South Africa, Ltd.,
(Signed) S. WALPOLE,
Director and Acting Chairman.

For The Bank of Africa, Ltd.,
(Signed) J. FLEMING BLAINE,
Chairman of the Board of Directors.

For The African Banking Corporation, Ltd.,
(Signed) EDWARD WEBB,
Chairman of the Board of Directors.

For The Natal Bank, Ltd.,
(Signed) THOMAS BELL,
Member of the London Committee of Management.

Downing Street, 21*st July*, 1903.

Gentlemen,

I am directed by Mr. Secretary Chamberlain to acknowledge the receipt of the letter of the 9th instant signed by Sir Spencer Walpole on your behalf and by representatives of certain other

South African Banks, in which you ask him to receive a deputation with respect to the question of the gold commandeered from the Banks by the Government of the late South African Republic.

2. I am to observe that the case of the Banks was very fully stated in the letters addressed to this Department on the 20th of November, 1902, and the 28th of January, 1903, and that it was carefully considered and answered.

3. Unless the Banks desire to submit fresh arguments, Mr. Chamberlain sees no object in continuing the discussion which in this case could not alter the decision of His Majesty's Government. If the Banks have new arguments to advance and will do so in writing, Mr. Chamberlain will be happy to consider them, although he cannot hold out any hope that His Majesty's Government will alter their views on the subject.

I am, Gentlemen,
Your obedient Servant,
(Signed) H. BERTRAM COX.

The Board of Directors,
Standard Bank of South Africa, Limited.

29th July, 1903.

The Under Secretary of State for the Colonies,
Downing Street, S.W.

SIR,

We have to acknowledge receipt of Mr. Bertram Cox's letter of the 21st instant, regarding our request that Mr. Chamberlain would receive a deputation on the subject of gold coin commandeered from the Banks by the Government of the late South African Republic.

2. In this letter, we are informed that, as the case of the Banks was very fully stated in letters addressed to the Colonial Office, and was carefully considered, Mr. Chamberlain sees no object in continuing the discussion, unless the Banks desire to submit fresh arguments. It is added that if the Banks have new arguments to advance, Mr. Chamberlain will be happy to consider them in writing, though he cannot hold out any hope that His Majesty's Government will alter their decision.

3. In reply, we beg to say that our object in asking for an interview with Mr. Chamberlain was not so much with the view of bringing forward new arguments, as of calling attention orally to an aspect of the case which appeared to us not to have received sufficient attention.

The reply which we received to our letter of the 10th February last informed us that His Majesty's Government were advised that they were entitled to decline to accept any obligation in respect of a debt of the late Transvaal Republic incurred during the war for the purpose of enabling it to carry on that war.

To the general statement of this principle, we have no objection, and we are aware that there is no tribunal open to us in which we could obtain a hearing of our case on its merits. His Majesty's Government occupy the position in this matter of being judges in their own cause, and if they decline to recognise the equity of our claim, due to the particular circumstances under which the obligation was incurred, we are helpless.

4. Yet our claim appears to us so strong in equity that we venture to recapitulate in this place the arguments on which it is based.

The four Banks on whose behalf we are writing are British Banks and their Shareholders are British subjects. When the war broke out with the late South African Republic, they were carrying on their business in the territory of that State, which did not possess complete independence, and was in subordinate alliance with the British Government.

They were unable to remove their assets from the Transvaal as the export of specie was forbidden, and attempt would no doubt have led to their being seized by the Boer Government. Our officers therefore remained in the Transvaal, but they did so with the full knowledge of Her Majesty's Government.

In March, 1900, the Boer Government called upon the four Banks to provide £255,000 in specie and offered raw gold as security. The High Commissioner advised us not to accept the security, and we acted on this advice with the knowledge, or rather, at the suggestion, of the Colonial Office, and of Sir Robert Herbert, who was then acting as permanent Under Secretary of State for the Colonies.

When the Transvaal was annexed by the British Crown, and the war came to an end, we found ourselves in the position of being unable to sue the Transvaal Government, which had ceased to exist, and we had no redress against the persons who had actually seized our money, as their action was legal under the law of the South African Republic. In these circumstances we naturally had recourse to our own Government, which, by annexing the Transvaal, had deprived us of our legal remedy, and the answer we have received is that the British Government is not bound by law to recognise our claim, and that, presumably, it will not consider the equity of a claim unless it can be made liable in law.

In this connection, we desire to call attention to the fact that at the time our money was taken there were other Banks in the Transvaal, viz. :—The National Bank of the South African Republic (now the National Bank of South Africa) and the Nederlandsche Bank, and that no demand was made on those Banks. As they were not British Banks, and did not owe allegiance to the British Crown, they could lend their money to the Boer Government and accept the raw gold, which was a perfectly valid security. In this case there was no need for the Boer Government to have recourse to commandeering.

It was only because the Banks which we represent were British Banks, and the Directors and Shareholders British subjects, anxious to do nothing which could by any possibility assist Her Majesty's enemies, that we refused to make a loan, and, when the money was taken by force, declined to accept the security which would have protected us from loss. It was the action of the British Government in annexing the Transvaal that deprived us of our legal remedy against that State, and we respectfully submit that it is in the highest degree inequitable that that Government should now take advantage of its own act, to destroy a claim by its own subjects, which could otherwise have been enforced by legal process.

If His Majesty's Government are of opinion that the facts, as we now state them, have been sufficiently considered, we have nothing more to say. We assume, however, that no objection will be raised to our making public the correspondence which has occurred on the subject for the information of our Shareholders.

We have the honour to be, Sir,
Your obedient Servants,

For The Standard Bank of South Africa, Ltd.,
(Signed) WELBY,
Director and Acting Chairman.

For The Bank of Africa, Ltd.,
(Signed) J. FLEMING BLAINE,
Chairman of the Board of Directors.

For The African Banking Corporation, Ltd.,
(Signed) EDWARD WEBB,
Chairman of the Board of Directors.

For The Natal Bank, Ltd.,
(Signed) THOMAS BELL,
Member of the London Committee of Management.

Downing Street, 14*th August*, 1903.

GENTLEMEN,

I am directed by Mr. Secretary Chamberlain to acknowledge the receipt of your letter of the 29th of July signed by Lord Welby on your behalf and by representatives of the three other South African Banks with regard to certain gold commandeered from the Banks by the Government of the late South African Republic.

I am to inform you that the considerations advanced in the letter under reply were fully weighed by Mr. Chamberlain before the decision communicated in the letters from this Department of the 15th December, 1902, and 28th January, 1903, and that he is unable to add anything to those letters. I am to state that the Secretary of State has no objection to the publication of the correspondence on this subject.

I am, Gentlemen,
Your obedient Servant,
(Signed) H. BERTRAM COX.

The Board of Directors,
Standard Bank of South Africa.

11*th November*, 1903.

The Under Secretary of State,
Colonial Office, S.W.

SIR,

On behalf of the Banks which we severally represent, we venture to revert to our letter of 9th July last, and to your reply of 21st idem, in which you informed us that the case of the Banks had been fully stated in previous letters, that it had been carefully considered, and that Mr. Chamberlain saw no reason for continuing the discussion unless the Banks desired to submit fresh arguments, but that if the Banks had new arguments to advance and would do so in writing, he would be happy to consider them, although he could not hold out any hope that His Majesty's Government would alter their views upon the subject.

The Banks were not aware at the time that there were precedents in their favour which would enable them to adduce new arguments in support of their claim, but they have ascertained recently that the British Government has on more than one occasion given compensation under similar circumstances, and they now desire to submit these precedents as entitling them to the favourable reconsideration of the whole matter by the Secretary of State.

1. In 1804 differences arose between the British and Spanish Governments, which ended in the Spanish Government declaring war against Great Britain, and sequestrating the Property, Book Debts, and Merchandise in Spain of British subjects. The sufferers put forward claims for compensation which appear to have been long contested, but eventually the British Government appointed a Committee to enquire into the claims, and that Committee reported in 1841 :—

(1) That the claims in respect of Book Debts sequestrated amounted to - - - £50,595
and they made awards in favour of - - £44,910

(2) That the claims in respect of Property in Spain sequestrated amounted to - - - £12,841
and they made awards in favour of - - £11,935

In the year 1841 Parliament voted as compensation to the sufferers £56,845, being the amounts awarded under the two heads by the Committee.

2. In 1807 the British Government having reason to believe that Napoleon would force the Northern Powers into confederation against this country, required the Government of Denmark to surrender its fleet to the custody of Great Britain. The Danish Government refused, and the English fleet bombarded Copenhagen and destroyed the Danish fleet. The King of Denmark then declared war against Great Britain, and he issued a decree confiscating all British Property in Denmark, both actual Property and Book Debts, and directed that all Danish subjects indebted to British subjects should pay the amount of such Debts into the Danish Treasury. The British Government replied by an Order in Council of 4th November, 1807, ordering reprisals.

A Committee of British Merchants urged the case of the sufferers upon the British Treasury, but the subject was put off until after peace was declared. From that time the claim was brought on many occasions before the House of Commons, and it received the powerful support of Sir James Macintosh. The Government, however, consistently refused to entertain it until the year 1834.

In May of that year Mr. Parker moved in the House of Commons for a Committee to enquire into the claim. Lord Althorp, the Leader of the House, admitted the hardship of the case, but in the first instance refused to make a charge upon the taxpayers in order to remedy it. A long debate appears to have ensued, and at its close Lord Althorp in deference to the " unanimous

expression of the feelings of the House " said that the Government would take measures for the payment of the sums due to the sufferers.

Eventually a Committee was appointed to investigate the claims, and the Government on receiving the Committee's report decided to ask Parliament to make compensation for

(1) The Property of British subjects seized on land, and
(2) Book Debts due to British subjects which had been confiscated.

In pursuance of this decision, the following sums were paid to the sufferers out of votes of Parliament.

	£
In 1835-6	60,000
1836-7	96,442
1837-8	23,298
1838-9	2,000
1839-40	96,741
	£278,481

It can hardly be disputed that the claim of the Banks is on the same footing as the claims of the sufferers by the Spanish and Danish Wars.

In each case British subjects were lawfully carrying on business in a foreign Country.

In each case that Country declared war against the British Government and seized the property in its territory of such British subjects.

In the case of the Wars with Spain and Denmark, the British Government asked Parliament to provide compensation to the British subjects whose Property had been seized, and Parliament granted

	£
in the first case	56,845,
in the second case	278,481.

In the third case, only, the British Government refuses compensation.

But we would venture to represent to the Secretary of State that the claim of the Banks to the favourable consideration of His Majesty's Government is even stronger than that of the sufferers by the Spanish and Danish Wars. In those cases, on the conclusion of hostilities, the Danish and Spanish Governments remained independent Powers, and the British Government had neither lien on, nor control over their Revenues, but in the present case the

Transvaal Government ceased to exist, and its assets and responsibilities vested in His Majesty's Government.

The result of the war, in fact, placed His Majesty's Government in the position of the Government of the late Transvaal Republic, and deprived the Banks of the remedy which they undoubtedly would have had against that Republic.

Apart, then, from the considerations which we have already urged that the Banks were carrying on business in the Transvaal under the special permission for which the British Government stipulated in the Conventions of 1881 and 1884, and that the Government of the late Republic offered to lodge native gold with the Banks as an equivalent for the Specie commandeered, and that the Banks refused the offer solely on the advice of Her Majesty's Representative—the High Commissioner—and the recommendation of the then Under Secretary for the Colonies,—we venture to think that the precedents which we have quoted afford a strong argument in favour of the claim which the Banks are making on behalf of their Shareholders, and we have every confidence that that claim, supported as it now is, and reinforced, by the precedents of the Spanish and Danish Wars, will receive that full consideration which the Secretary of State will desire, in equity, to give to the reasonable claim of Institutions which are doing good service in South Africa.

We have the honour to be, Sir,
Your obedient Servants,

For The Standard Bank of South Africa, Ltd.,
(Signed) C. W. FREMANTLE,
Director and Acting Chairman.

For The Bank of Africa, Ltd.,
(Signed) J. FLEMING BLAINE,
Chairman of the Board of Directors.

For The African Banking Corporation, Ltd.,
(Signed) EDWARD WEBB,
Chairman of the Board of Directors.

For The Natal Bank, Ltd.
(Signed) THOMAS BELL,
Member of the London Committee of Management

Downing Street, S.W., 30*th January*, 1904.

SIR,

I am directed by Mr. Secretary Lyttelton to acknowledge the receipt of the letter of the 11th November, signed by yourself and by representatives of the Bank of Africa, Limited, the African Banking Corporation, Limited, and the Natal Bank, Limited, urging that compensation should be paid for the gold commandeered during the war from the Banks by the Government of the late South African Republic.

Mr. Lyttelton has given careful consideration to the claim of the Banks. I am to observe that he understands that the Banks do not contend that they fall, in this matter, within the class of those individual British subjects who have suffered loss during the war and to whom, as an act of grace, compensation is being paid to save them from ruin and to enable them to resume their normal avocations.

He understands that the Banks contend rather that they should receive exceptional treatment on the ground that the seizure of the gold was essentially a forced loan by the Banks because the Boers expressly acknowledged their indebtedness, and offered security therefor, and because the Banks rejected that security on the advice of Lord Milner and Sir R. Herbert, then acting as Under Secretary of State for the Colonies. It is further contended that His Majesty's Government early in the last century compensated sufferers in similar circumstances after the wars with Denmark and Spain.

In Mr. Lyttelton's opinion the distinction between seizure and forced borrowing is not substantial. Had the South African Republic Government remained in existence their obligation in equity to pay what they had seized or forcibly borrowed would have arisen in any case, and it is not rendered of greater force by their express acknowledgment of it. Nor does the advice given by Lord Milner and Sir R. Herbert appear to Mr. Lyttelton to affect the question, for the message from the General Manager of the Standard Bank at Cape Town to the Manager at Pretoria, referred to on page 7 of the letter of the 20th November, 1902, signed by Lord Welby and others on behalf of the Banks, shews that the ground of the rejection by the Banks of the security offered by the Government of the South African Republic was a well founded fear that it was the property of third parties.

Mr. Lyttelton is further of opinion that the precedents quoted in your letter under reply from the history of the Danish and Spanish

wars of the beginning of the last century do not substantiate the claims of the Banks. There is a broad and plain distinction between losses inflicted on persons trading in a foreign country whose property is seized or destroyed, as in the Danish and Spanish cases quoted, immediately upon and indeed, in the Spanish case, previously to the declaration of war, in reprisal for seizures effected by the Home Government, and losses caused to traders carrying on business voluntarily and for their own profit in a belligerent country. In deciding to continue their business during the hostilities the Banks no doubt weighed on the one hand the risks to be run and on the other the profits to be made by such a course.

For the above reasons Mr. Lyttelton regrets that he is unable to modify Mr. Chamberlain's decision on this matter, communicated to the Banks in the letter from this Department of the 10th February, 1903.

I am, Sir,
Your obedient Servant,
(Signed) H. BERTRAM COX.

The Acting Chairman of the
Standard Bank of South Africa, Limited.

10th February, 1904.

The Under Secretary of State for the Colonies,
Downing Street, S.W.

SIR,

With reference to Mr. Bertram Cox's letter of 30th January, 1904, regarding the specie commandeered from our Banks by the Government of the late South African Republic, we desire to submit, for Mr. Lyttelton's consideration, a further explanation of certain matters in regard to which misapprehension appears to exist.

2. In the letter under reply, it is suggested that we were in the position of

> " traders carrying on business voluntarily and for their own profit in a belligerent country,"

and that

> " in deciding to continue their business during the hostilities the Banks no doubt weighed on the one hand the risks to be run and on the other the profits to be made by such a course."

With reference to this suggestion, we would observe that the late South African Republic was not in a position of complete independence of the British Crown, and that in carrying on business in the Transvaal, we were entitled to the protection of Article 14 of the " Convention between Her Majesty the Queen of the United Kingdom of Great Britain and Ireland, and the South African Republic," of 27th February, 1884.

Article 14 of this Convention is as follows :—

> All persons, other than natives, conforming themselves to the laws of the South African Republic (*a*) will have full liberty, with their families, to enter, travel, or reside in any part of the South African Republic ; (*b*) they will be entitled to hire or possess houses, manufactories, warehouses, shops and premises ; (*c*) they may carry on their commerce either in person or by agents whom they may think fit to employ ; (*d*) they will not be subject, in respect of their persons or property, or in respect of their commerce or industry, to any taxes, whether general or local, other than those which are or may be imposed on citizens of the said Republic.

On 22nd September, 1899, when it appeared probable that a state of war would arise, the Chief Manager of the African Banking Corporation addressed the Under Secretary of State for the Colonies, enquiring whether it would be better, in case of hostilities, to continue business at Johannesburg or to close the office and remove the treasure. To this letter no reply was received, but the Standard Bank of South Africa received, in reply to their letter on the same subject, an answer to the effect that, provided no assistance was rendered to the Queen's enemies, the Government had no desire to interfere.

After the war had broken out, the Secretary of State for War, on 2nd February, 1900, formally recognised the position of the Standard Bank in the Transvaal by applying to them to arrange for the supply of funds to the British officers and men who were at that time prisoners of war at Pretoria.

The High Commissioner also recognised our position in the fullest manner, and issued official instructions for the regulation of our business in connection with the Transvaal under the peculiar circumstances in which we were placed. A copy of these instructions is appended to the present letter.

It is therefore beyond question that we continued to carry on business in the Transvaal after the outbreak of war with the full knowledge, consent and approval of our own Government.

On the outbreak of war the export of specie from the Transvaal was prohibited, and gold in transmission from the Transvaal to the Cape Colony was actually seized by the Boer Government at Vereeniging. The aggregate specie balances of our Branches in the Transvaal at that time amounted to £909,679. Had we quitted the Transvaal, the Government of the South African Republic would have seized these balances and would have used them in prosecution of the war. It was, therefore, a direct advantage to the British Government that we should remain in the Transvaal.

3. In Mr. Cox's letter it is further said :—

> " Nor does the advice given by Lord Milner or Sir R. Herbert appear to Mr. Lyttelton to affect the question, for the message from the General Manager of the Standard Bank at Cape Town to the Manager at Pretoria, referred to on page 7 of the letter of the 20th November, 1902, signed by Lord Welby and others on behalf of the Banks, shows that the ground of the rejection by the Banks of the security offered by the Government of the South African Republic was a well-founded fear that it was the property of third parties."

We are unable to accept this passage as a correct statement of the facts. We did not refuse the native gold because we thought it might not be a valid security. Our opinion was in favour of accepting it, and we declined it in deference to the opinion of Lord Milner and Sir Robert Herbert, and because we desired to act, in all respects, in accordance with the wishes of our own Government.

This misapprehension of what our views actually were appears to be due to the General Manager of the Standard Bank at Cape Town informing his Directors that Lord Milner, when recommending us not to accept the native gold as security, expressed the view that our claim might be weakened by accepting a security, the legal ownership of which was open to such serious doubts. As subsequent legal decisions have shown, the native gold would have been a perfectly valid security.

Thus the Government of the South African Republic seized our property, but offered a valid security. Acting on legal advice, we were prepared to accept that security, and if we had done so, we should not have incurred this heavy loss. We declined the security on the advice of the Queen's High Commissioner, endorsed by the Colonial Office, and our loss was due to that advice.

4. We cannot accept the distinction which is drawn in Mr. Cox's letter between our case and the precedents drawn from the

history of the Spanish and Danish wars at the beginning of the last century. There is no true distinction between the cases, and in certain respects our case is even stronger than those referred to. In each case the Government at issue with the Government of this country seized the property of British subjects lawfully carrying on business in the enemy's country, but in our case we suffered from following the advice of the Queen's representative.

Moreover, the war with the Government of the South African Republic was undertaken for the protection as against that Government of the rights of British subjects residing and carrying on business in the Transvaal, and it would be a startling result if the successful termination of that war and the annexation of the Transvaal to the British Crown were to deprive us of our legal rights as against that Government, though we are British subjects and have neither committed any offence nor been guilty of any negligence, while, at the same time, we have discharged, loyally and fully, all the obligations of our allegiance.

We have the honour to be, Sir,
Your obedient Servants,

For THE STANDARD BANK OF SOUTH AFRICA, LTD.,
(Signed) WELBY,
Director and Acting Chairman.

For THE BANK OF AFRICA, LTD.,
(Signed) A. A. FRASER,
Acting Chairman of the Board of Directors.

For THE AFRICAN BANKING CORPORATION, LTD.,
(Signed) EDWARD WEBB,
Chairman of the Board of Directors.

For THE NATAL BANK, LTD.,
(Signed) THOMAS BELL,
Member of the London Committee of Management.

Annexure referred to in letter to Colonial Office, dated 10th February, 1904.

REGULATIONS.

1. No draft or telegraphic or letter transfer by or from any Branch of the Bank or any other Bank situated in the South African Republic, or Orange Free State is to be honoured.

2. No Notes of the National Bank of the South African Republic, the Netherlands Bank, or the National Bank of the Orange Free State, are to be paid, negotiated or advanced against.

3. No overdraft is to be granted by any Branch outside the Republic in favour of burghers or persons resident in either Republic, or, on the guarantee of such persons, in favour of third parties.

4. No letters of credit issued by persons or firms in the Republics are to be recognised or in any way made the subject of dealings by the Banks or their Branches, and no advance is to be made on the produce of either Republic.

5. No Cheques, Bills of Exchange, or Promissory Notes drawn on, or domiciled in, or made by burghers of, either Republic or by any person or persons or firms residing or trading in either Republic are to be negotiated or discounted or sent for acceptance or collection, and no advance by way of overdraft or otherwise is to be made against such Cheques, Bills of Exchange, or Promissory Notes.

6. No transaction of any kind which appears likely to result in aid or assistance to the Queen's enemies is to be entertained.

Claim against the Imperial Government in the matter of the Specie Commandeered by the Government of the late South African Republic from British Banks.

FURTHER CORRESPONDENCE BETWEEN THE COLONIAL OFFICE AND THE BANKS.

Downing Street, 18*th March*, 1904.

SIR,

I am directed by Mr. Secretary Lyttelton to acknowledge the receipt of your letter of the 10th of February containing further explanation on behalf of the four Banks interested, regarding their position in connection with the specie commandeered from the Banks in March, 1900, by the Government of the late South African Republic.

2. With reference to your observations on Article 14 of the London Convention, no one could contend that the provisions therein contain any guarantee by His Majesty's Government to indemnify traders against losses resulting from the acts or defaults of the Boer Government even in time of peace, still less those who have voluntarily elected to continue their business in a period of war. It is one thing not to interfere with the liberty of the Banks to carry on, if they please, their business at such a time, it is quite another to assume responsibility for the losses consequential on the choice which they freely made.

3. It is not disputed that His Majesty's Government were fully aware that the Banks did elect to carry on business during the war, and His Majesty's Government raised no objection thereto, but this knowledge imports no sort of obligation to make good

losses which the Banks have sustained as a result of their own voluntary choice.

4. The Banks rely particularly upon advice given to them by Lord Milner and Sir Robert Herbert at the time, but the statements did not in any way guarantee to the Banks that His Majesty's Government would make good to them the amount of the commandeered specie.

5. There appears indeed to be some inconsistency between the statement of the facts as given in Mr. Corbett's letter of the 18th June, 1901, and in subsequent letters, for according to Mr. Corbett's account "as a matter of fact the Government of the late Transvaal Republic did not tender any native gold as security," and if this version is correct, the advice of Lord Milner and of Sir Robert Herbert in no way affected the situation. But in any case that advice could not have been other than it was when the representative of His Majesty's Government was asked during the war whether he could advise British subjects to accept security from the enemy for treasure which was to be used for war purposes against His Majesty's armies.

6. In answer to the contention that the claim arises out of a debt incurred by the South African Republic, I am to refer to the correspondence in Cd. 528, page four and page six, and Cd. 1096, page seven and page eight, shewing that His Majesty's Government have distinctly refused to undertake liability for the debts of the late Republican Governments, and decided, as a matter of principle, that they would not lend themselves to honouring the debts incurred by the Government of the South African Republic for carrying on the war, *e.g.* to acknowledging the Government requisition notes issued under Law 1 of 1900 of the South African Republic; these notes, they decided, could only be admitted if presented by individuals as evidence of war losses.

7. In view of the reasons stated above, the claim of the Banks can rest only on the same footing as those made by other applicants for compensation in respect of losses caused by the acts of the enemy to British subjects in the Transvaal.

8. As to such losses, I am to repeat the statement already made in the course of the correspondence with the Banks, that the sum of £2,000,000 which has been voted by Parliament was confined to payments to individuals in respect of war losses to enable them to resume their normal occupations, to the exclusion of limited liability companies and large firms, and I am to add that it is certain that the claims of individuals cannot be paid in full out of the sum

voted. Even were Mr. Lyttelton disposed in any case to depart from this principle, it would not be in favour of great Banking Corporations whose intelligence and forethought were able to reap for shareholders, even in an enemy's country and during war, some of the profits usually associated only with periods of peace.

9. I may observe in this connection that the profits of the Standard Bank, in particular, which in 1898 had been at the rate of one hundred and six thousand pounds for each half-year, steadily rose from one hundred and twenty-three thousand pounds for the half-year ending December, 1899, to one hundred and thirty-five thousand one hundred and ten pounds for the half-year ending June, 1902, in which the war came to an end. During this period it increased its half-yearly contribution to reserve from twenty thousand pounds to twenty-five thousand pounds, added largely to its pension fund, and paid dividends throughout of 16 per cent. Since the war terminated, and during the very time that the Bank was pressing its claim, its profits have risen to one hundred and sixty-five thousand pounds in the half-year, its dividend to 18 per cent., and its contribution to Reserve, which in 1898, before the outbreak of the war, was forty thousand pounds a year, has increased to seventy thousand pounds a year. At the same time it was able to announce to its shareholders in April last that it had completed provision for making good its own loss (one hundred and fifty thousand pounds out of a total sum of two hundred and fifty-five thousand pounds commandeered from the Banks), which it is now seeking to recover from the Imperial Treasury from which it received in commissions, the rates of which are referred to at page 320 of the Blue Book Cd. 1792 as having been excessive, no less a sum than two hundred and seventy-five thousand pounds in the first eighteen months of the war.

10. In view of these figures, Mr. Lyttelton cannot withhold an expression of his regret that the Standard Bank, which has already reaped such large profits at the expense of the British taxpayer, from business which it must have been well aware entailed some risks, should now seek to recoup itself for the losses resulting from those risks, by imposing them upon the customer to whom it is so materially indebted for its present position of prosperity.

I am, Sir,

Your obedient Servant,

(Signed) H. BERTRAM COX.

12th May, 1904.

The Under Secretary of State for Colonial Affairs,
Downing Street, S.W.

SIR,

We beg to acknowledge the receipt of Mr. Bertram Cox's letter of the 18th March, 1904, regarding the specie commandeered from our Banks in 1900, by the Government of the late South African Republic. The Banks regret that they should have to trouble you with a further communication on the subject, but the letter above quoted appears to them to contain serious misapprehension of the facts as well as of the grounds on which the Banks base their claim, and they are unwilling that it should remain on record unchallenged, as a final statement of the case. They think it will be most convenient if they place in parallel columns the statements contained in Mr. Cox's letter, and their answers to these statements.

LETTER.	REPLY.
PARA. 2. With reference to your observations on Article 14 of the London Convention, no one could contend that the provisions therein contain any guarantee by His Majesty's Government to indemnify traders against losses resulting from the acts or defaults of the Boer Government, even in time of peace, still less those who have voluntarily elected to continue their business in a period of war. It is one thing not to interfere with the liberty of the Banks to carry on, if they chose, their business at such a time, it is quite another to assume responsibility for the losses consequential on the choice which they freely made.	2. The Banks do not contend that the provisions of Article 14 of the London Convention contain any guarantee by His Majesty's Government to indemnify traders against losses resulting from the acts or defaults of the Boer Government, whether in time of peace or of war. Article 14 of the Convention was merely referred to as shewing that the Banks were fully justified in opening Branches and carrying on their business in the territory of the late South African Republic.
3. It is not disputed that His Majesty's Government were fully	3. The Banks do not base their claims on the fact that His

aware that the Banks did elect to carry on business during the war, and His Majesty's Government raised no objection thereto, but this knowledge imports no sort of obligation to make good losses which the Banks have sustained as a result of their own voluntary choice.

4. The Banks rely particularly upon advice given to them by Lord Milner and Sir Robert Herbert at the time, but the statements did not in any way guarantee to the Banks that His Majesty's Government would make good to them the amount of the commandeered specie.

Majesty's Government were aware that they did carry on business in the Transvaal during the war, and raised no objection to their doing so.

The Banks called attention to this aspect of the case in order to shew that they had the acquiescence of the British Government, and were not acting contrary to their wishes, and that this situation was recognised by the High Commissioner, who issued instructions in the matter, thus formally regularising the situation.

4. The question of the amount of responsibility involved by the advice given by Lord Milner and Sir Robert Herbert is one for decision by His Majesty's Government.

The fact remains that if the Banks had disregarded the advice and taken the raw gold they would have been protected from loss. It appears to the Banks that the basis of the advice to them not to accept the raw gold was a belief on the part of those who gave that advice, that the Banks would have a good claim for the refund of their money by any Government that might be established in the Transvaal after the war was over, and that it was not desirable to complicate that claim by accepting from the Boer Government a security which might prove to be worthless, but the acceptance of which might be held to have

5. There appears indeed to be some inconsistency between the statement of the facts as given in Mr. Corbett's letter of the 18th June, 1901, and in subsequent letters, for according to Mr. Corbett's account "as a matter of fact the Government of the late Transvaal Republic did not tender any native gold as security," and if this version is correct the advice of Lord Milner and Sir Robert Herbert in no way affected the situation. But in any case that advice could not have been other than it was when the representative of His Majesty's Government was asked during the war whether he could advise British subjects to accept security from the enemy for treasure which was to be used for war purposes against His Majesty's armies.

destroyed their claim against the new Government.

5. The statement in Mr. Corbett's letter of the 18th June, 1901, that, "as a matter of fact the Government of the late Transvaal Republic did not tender any native gold as security," has reference to the question of a formal tender after instructions had been sent to the Banks' Managers at Pretoria not to accept the raw gold. There was no reason why the Boer Government should formally tender the gold to persons who had already decided that they would not receive it.

The actual facts are as follows :—

The Government of the late South African Republic passed the following Resolution on March 20th, 1900 :—

> "Resolved that the Treasurer General hereby be empowered to take up the commandeered minted money at present in the Banking Institutions in the Country, other than the Nationale Bank, to a total amount of about £500,000, with this understanding, that it shall be left at the discretion of the Treasurer General in conjunction with the State Attorney to determine what shall be commandeered from each Bank separately, to arrive at the total aforementioned, and further that these moneys be

deposited in the name of the Government of this Republic in the Nationale Bank of the South African Republic, and that as security for the paying back later on of these moneys on the Government's behalf a security shall be received by each Banking Institution equal in value to the money commandeered."

On the next day the Treasurer General of the Transvaal Government addressed the Banks' Managers on the subject.

A copy of his letter to the Manager of the Standard Bank at Pretoria is attached. It will be seen that the Transvaal Government expressly promised to pay back the commandeered money within a reasonable time after the ending of the war, and declared their intention of depositing unminted gold as security.

On the 22nd March the Managers of the four Banks attended a meeting at which the Treasurer General and the State Attorney were present.

The Managers objected to receiving the unminted gold as security on the ground that to do so would imply that the Banks were making a Loan to the Transvaal Government, a proceeding which was barred under various Imperial Proclamations, more especially that of the High Commissioner of 10th January, 1900.

The Treasurer General and the State Attorney informed them that the coin would be fetched from the Banks, and that the Transvaal Government would compel the Banks to accept the native gold which would be handed in later on.

The Managers obtained permission at this meeting to refer by cablegram to their Head Offices.

They subsequently received instructions from Cape Town not to accept the raw gold, and there is no evidence to show whether the Transvaal Government did or did not formally tender the raw gold after the date of the receipt of these instructions.

We have observed with some surprise the statement that " the advice of Lord Milner and Sir Robert Herbert could not have been other than it was when the representative of His Majesty's Government was asked during the war whether he could advise British subjects to accept security from the enemy for treasure which was to be used for war purposes against His Majesty's armies."

The money was taken by force, and the acceptance of security by the Banks would not in any way have assisted the King's enemies.

Moreover, in a letter from the Colonial Office to the African Banking Corporation of the 20th April, 1900, it is said :—

"His Majesty's Government are of opinion that the action of the Banks in receiving native gold against gold coin being taken under compulsion or duress is not obnoxious to the penalties of trading with the enemy."

In point of fact, Lord Milner did not advise the Banks to refuse the raw gold on the ground that it was offered by the Government of a hostile country, but on the ground that the claim of the Banks might be complicated by the acceptance of dubious security. It appears to have been generally held by the officials at Cape Town at this period that the Banks had a legal claim against the Boer Government, and would have an equally good claim against any Government that might be established after the war was over, and that such claim might be injuriously affected if they accepted a security which it might afterwards be shewn that the Government of the South African Republic had no right to pledge.

6. In answer to the contention that the claim arises out of a debt incurred by the South African Republic, I am to refer to the correspondence in Cd. 528, Page 4 and Page 6, and Cd. 1096, Page 7 and Page 8, shewing that His Majesty's Government have distinctly refused to undertake liability for the debts of the late

6. The Banks observe that the passages alluded to refer to the terms of the agreement made between His Majesty's Government and the remnants of the Boer Commandoes who were still in the field. They respectfully submit that no such agreement can reasonably be held to deprive British subjects of any

Republican Governments, and decided as a matter of principle that they would not lend themselves to honouring the debts incurred by the Government of the South African Republic for carrying on the war, *e.g.* to acknowledging the Government requisition notes, issued under Law 1 of 1900, of the South African Republic; these notes, they decided, could only be admitted if presented by individuals as evidence of war losses.

7 & 8. In view of the reasons stated above, the claim of the Banks can rest only on the same footing as those made by other applicants for compensation in respect of losses caused by the acts of the enemy to British subjects in the Transvaal.

As to such losses, I am to repeat the statement already made in the course of the correspondence with the Banks, that the sum of £2,000,000 which has been voted by Parliament was confined to payments to individuals in respect of war losses to enable them to resume their normal occupations to the exclusion of limited liability companies and large firms, and I am to add that it is certain that the claims of individuals cannot be paid in full out of the sum voted.

Even were Mr. Lyttelton disposed in any case to depart from this principle, it would not be in favour of great Banking Corporations, whose intelligence and claim which they may possess and which is in itself a just claim.

7. If the claim made by the Banks is not in itself a just claim they have no desire that it should be recognised. If it is a just claim they think it should be paid. They make no application for a charitable grant, and in this view of the matter the question of the financial position of the Banks, and of the profits they may, or may not, have made is irrelevant.

The Banks respectfully protest against the introduction of such matters into the correspondence, as they are wholly irrelevant to the question at issue, and their only effect must be to raise an unfair prejudice against the Banks.

forethought were able to reap for shareholders, even in an enemy's country and during war, some of the profits usually associated only with periods of peace.

9. I may observe in this connection that the profits of the Standard Bank, in particular, which in 1898 had been at the rate of one hundred and six thousand pounds for each half-year, steadily rose from one hundred and twenty-three thousand pounds for the half-year ending December, 1899, to one hundred and thirty-five thousand one hundred and ten pounds, for the half-year ending June, 1902, in which the war came to an end. During this period it increased its half-yearly contribution to Reserve, from twenty thousand pounds to twenty-five thousand pounds, added largely to its Pension Fund, and paid dividends throughout of 16 per cent.

Since the war terminated, and during the very time that the Bank was pressing its claim, its profits have risen to one hundred and sixty-five thousand pounds in the half-year, its dividend to 18 per cent., and its contribution to Reserve, which in 1898, before the outbreak of the war, was forty thousand pounds a year, has increased to seventy thousand pounds a year. At the same time it was able to announce to

8. These remarks have reference to only one out of the four Banks concerned in the present claim, and could not in any case be used against the other three Banks.

As has been shewn in the preceding paragraph, they are wholly irrelevant to the issue, and the questions raised by them concern only His Majesty's Government and the Standard Bank in its individual capacity. The Banks concerned in the present claim decline to discuss them in connection with that claim.

its shareholders in April last, that it had completed provision for making good its own loss (one hundred and fifty thousand pounds, out of the total sum of two hundred and fifty-five thousand pounds commandeered from the Banks), which it is now seeking to recover from the Imperial Treasury from which it received in commissions, the rates of which are referred to at page 320 of the Blue Book Cd. 1792 as having been excessive, no less a sum than two hundred and seventy-five thousand pounds in the first eighteen months of the war.

10. In view of these figures, Mr. Lyttelton cannot withhold an expression of his regret that the Standard Bank, which has already reaped such large profits at the expense of the British taxpayer from business which it must have been well aware entailed some risks, should now seek to recoup itself for the losses resulting from those risks by imposing them upon the customer to whom it is so materially indebted for its present position of prosperity.

In conclusion, the Banks desire to say that they greatly regret the length to which the correspondence has now extended.

In justice to the shareholders whom they represent, they have felt it their duty to press their case upon the consideration of His Majesty's Government, but they wish it to be understood, once for all, that they make no claim for a grant of money on charitable grounds. They have committed no fault, nor been guilty of any negligence, and they had a legal claim against the late Government

of the Transvaal. That claim, in so far as it was one which could be enforced by legal process, has been destroyed by the action of their own Government, but in justice and in equity it remains as strong as before, and they submit that it should be recognised by His Majesty's Government. Their case must stand or fall upon its own merits, but they have shewn that there are precedents for the grant of compensation by the British Government to persons who had suffered losses by the act of hostile powers, and whose case, they venture to think, was not so strong as that which they now put forward.

The Banks are perfectly prepared to submit their claim to a Select Committee of the House of Commons or to any other independent and impartial tribunal, and to accept as final the decision at which they might arrive.

They suggest that this would be the best means of disposing finally and authoritatively of the question which they have felt bound to raise in the interests of their shareholders.

We have the honour to be, Sir,
Your obedient Servants,

For THE STANDARD BANK OF SOUTH AFRICA, LTD.,
(Signed) WELBY,
Director and Acting Chairman.

For THE BANK OF AFRICA, LTD.,
(Signed) A. A. FRASER,
Acting Chairman of the Board of Directors.

For THE AFRICAN BANKING CORPORATION, LTD.,
(Signed) EDWARD WEBB,
Chairman of the Board of Directors.

For THE NATAL BANK, LTD.,
(Signed) THOMAS BELL,
Member of the London Committee of Management.

Downing Street, S.W., 21*st June*, 1904.

SIR,

I am directed by Mr. Secretary Lyttelton to acknowledge the receipt of the letter of the 12th of May, signed by you and by representatives of the Bank of Africa, Limited, African Banking Corporation, and the Natal Bank, Limited, with regard to specie commandeered by the Government of the late South African Re-

public. I am to express Mr. Lyttelton's regret that he is unable to reconsider his decision in this matter.

I am, Sir,
Your obedient Servant,
(Signed) FRED. GRAHAM.

The Chairman,
Standard Bank of South Africa, Limited.

COPY OF TRANSLATION OF LETTER DATED THE 21ST MARCH, 1900, FROM THE TREASURER GENERAL OF THE LATE SOUTH AFRICAN REPUBLIC, REFERRED TO ON PAGE 211.

OFFICE OF THE TREASURER GENERAL,
PRETORIA, 21*st March*, 1900.

The Manager, Standard Bank, Pretoria.

DEAR SIR,

The Honourable Government have resolved to commandeer from your Bank the amount of £260,000 minted money, which, within reasonable time after the ending of the present war, shall be paid back by it. In the meantime they have resolved as security for the contingent paying back, to deposit in your Bank an amount of £260,000 in unminted gold. The amount must be deposited by you immediately in the name of the Government of the Z.A.R., in the Nationale Bank of the Z.A.R. within this Republic.

(Signed) N. S. MALHERBE,
Treasurer General.

The Standard Bank of South Africa, Limited

ESTABLISHED 1862

SUBSCRIBED CAPITAL - - -	£6,194,100
PAID-UP CAPITAL - - - -	£1,548,525
RESERVE FUND - - - -	£2,000,000

Number of Shareholders upwards of 6,500.

HEAD OFFICE

10 Clements Lane, Lombard Street, London, E.C.

HAMBURG AGENCY
27 ALSTERDAMM.

NEW YORK AGENCY
55 WALL STREET.

BOARD OF DIRECTORS

WILLIAM REIERSON ARBUTHNOT, Esq.
SIR DAVID MILLER BARBOUR, K.C.S.I., K.C.M.G.
ROBERT EDMUND DICKINSON, Esq.
JAMES FAIRBAIRN FINLAY, Esq., C.S.I.
THE HON. SIR CHARLES WM. FREMANTLE, K.C.B.
HORACE PEEL, Esq.
THE RT. HON. LORD SYDENHAM, G.C.S.I., G.C.M.G., G.C.I.E., F.R.S.
THE RT. HON. LORD WELBY, P.C., G.C.B.

GENERAL MANAGERS IN SOUTH AFRICA

H. SHELTON CORBETT. HECTOR MACKENZIE.

ASSISTANT GENERAL MANAGER

J. P. GIBSON.

LONDON MANAGER

WILLIAM SMART.

SECRETARY

FRANCIS SHIPTON.

BANKERS

THE BANK OF ENGLAND. PARR'S BANK, LIMITED.

Branches and Agencies of the Bank in Africa

CAPE PROVINCE.

Aberdeen.
Adelaide.
Albertinia (Agency to Riversdale).
Alexandria.
Alice.
Aliwal North.
Barkly East.
Do. West.
Barrydale.
Bayville (Agency to Uitenhage).
Beaconsfield.
Beaufort West.
Bedford.
Bredasdorp.
Britstown.
Burghersdorp.
Butterworth.
Cala.
Caledon.
Calitzdorp.
Calvinia.
Cape Town.
Do. Long Street.
Do. Plein Street.
Carnarvon.
Cathcart.
Cedarville.
Ceres.
Clanwilliam.
Claremont.
Colesberg.
Cookhouse (Agency to Somerset East).
Cradock.
Darling.
De Aar.
De Doorns (Agency to Worcester).
De Rust.
Dordrecht.
East London.
Elliot.
Fort Beaufort.
Fraserburg.
George.
Graaff-Reinet.
Grahamstown.
Hanover.
Heidelberg.
Hoetjes Bay, also known as Saldanha Bay (Agency to Hopefield).
Hofmeyr.
Hopefield.
Hopetown.
Humansdorp.
Idutywa.
Indwe.
Jamestown.
Jansenville.
Joubertina (Agency to Humansdorp).
Kenhardt.
Kimberley.
King William's Town.
Knysna.
Kokstad.
Komgha.
Ladysmith.
Lady Grey (Dist. Aliwal North).
Laingsburg.
Loxton.
McGregor (Agency to Robertson).
Maclear.
Mafeking.
Malmesbury.
Matatiele.
Middelburg.
Molteno.
Mossel Bay.
Mount Frere.
Muizenberg.
Murraysburg.
Naauwpoort.
Oudtshoorn.
Paarl.
Pearston.
Peddie.
Petrusville.
Philipstown.
Port Alfred (Agency to Grahamstown).
Port Elizabeth.
Port St. John.
Porterville.
Prieska.
Prince Albert.
Queen's Town.
Rhodes.
Richmond.
Riversdale.
Robertson.
Seymour.
Simonstown.
Somerset East.
Somerset Strand (Agency to Somerset West).
Somerset West.
Stellenbosch.
Sterkstroom.
Steynsburg.
Steytlerville.
Sutherland.
Swellendam.
Tarkastad.
Tulbagh.
Uitenhage.
Umtata.
Uniondale.
Upington.
Van Rhynsdorp.
Van Wyks Dorp (Agency to Ladismith).
Venterstad.
Victoria West.
Vredenburg (Agency to Hopefield).
Vryburg.
Wellington.
Williston.
Willowmore.
Woodstock.
Worcester.

Branches and Agencies of the Bank in Africa

NATAL.

Dannhauser (Agency to Newcastle).
Dundee.
Durban.
Estcourt.
Greytown.
Hatting Spruit (Agency to Dundee)
Krantzkop (Agency to Greytown).
Ladysmith.
Mooi River.
Newcastle.
New Hanover (Agency to Pietermaritzburg).
Pietermaritzburg.
Port Shepstone.

ORANGE FREE STATE.

Bethlehem.
Bloemfontein.
Ficksburg.
Frankfort.
Harrismith.
Heilbron.
Jagersfontein.
Kroonstad.
Ladybrand.
Lindley.
Reitz.
Senekal.
Smithfield.
Vrede.
Wepener.
Winburg.
Zastron.

TRANSVAAL.

Balfour.
Barberton.
Benoni.
Bloemhof.
Boksburg.
Brakpan (Agency to Benoni).
Delmas (Agency to Boksburg).
Devon (Agency to Springs).
Ermelo.
Fordsburg.
Germiston.
Greylingstad.
Groot Marico (Agency to Zeerust).
Hartebeestfontein (Agency to Klerksdorp).
Heidelberg.
Johannesburg.
Do. Eloff Street.
Do. Newtown (Agency).
Klerksdorp.
Krugersdorp.
Leslie (Agency to Springs).
Lichtenburg.
Lydenburg.
Middelburg.
Pietersburg.
Potchefstroom.
Pretoria.
Randfontein.
Roodepoort.
Rustenburg.
Springs.
Standerton.
Val (Agency to Greylingstad).
Vereeniging.
Zeerust.

BASUTOLAND.

Maseru.

RHODESIA.

Bindura.
Bulawayo.
Eldorado.
Gatooma.
Gwelo.
Hartley.
Livingstone (near Victoria Falls).
Marandellas (Agency to Salisbury).
Penhalonga (Agency to Umtali).
Que Que.
Salisbury.
Selukwe.
Umtali.
Umvuma.
Victoria.

NYASALAND.

Blantyre.

EAST AFRICA PROTECTORATE.

Eldoret.
Mombasa.
Nairobi.

UGANDA.

Kampala.

PORTUGUESE EAST AFRICA.

Beira.
Lourenço Marques.
Villa Fontes.

Report of the Directors

TO BE SUBMITTED TO THE

One-Hundred-and-First Ordinary Meeting of Proprietors

On the 22nd APRIL, 1914.

The Directors submit to the Proprietors the Accounts of the Company for the half-year ended 31st December, 1913, and they have to report as follows :

	£	s.	d.	£	s.	d.
The Gross Profits for the half-year, as shown in the Profit and Loss Account, amount to				510,841	7	7
From this amount has to be deducted the Charges for the half-year	288,592	14	6			
and Rebate on Bills not yet due.. ..	52,353	12	5			
				340,946	6	11
Showing a Net Profit for the half-year of ..				169,895	0	8
The Balance undivided at the 30th June, 1913, was				50,594	2	3
Making together				220,489	2	11
From which amount there has already been transferred—						
To Bank Premises Account	15,000	0	0			
To Reserve Fund	10,000	0	0			
To write down Investments, to cover the depreciation in the market value as at 31st December, 1913	25,000	0	0			
				50,000	0	0
Leaving an available Balance of				170,489	2	11

	£	s.	d.	£	s.	d.
Brought forward				170,489	2	11
Which the Directors now recommend be disposed of as follows :						
To Officers' Pension Fund				10,000	0	0
To Dividend of 5s. per Share on 309,705 Shares (being at the rate of 10 per cent. per annum)	77,426	5	0			
To Bonus of 2s. per Share (being at the rate of 4 per cent. per annum)	30,970	10	0			
Making a total distribution at the rate of 14 per cent. per annum (subject to Income Tax) of ..				108,396	15	0
				118,396	15	0
Leaving a balance to be carried forward to Profit and Loss New Account of				52,092	7	11

The Directors have to announce, with much regret, that their colleague, Edward Banbury, Esq., has resigned his seat at the Board owing to considerations of health.

They have further to report that James Fairbairn Finlay, Esq., C.S.I., has been appointed to a seat at the Board, which appointment the Proprietors are now asked to confirm.

In accordance with the Articles of Association, two of the Directors, viz. The Hon. Sir Charles Wm. Fremantle, K.C.B., and Horace Peel, Esq., retire from office at this Meeting, and, being eligible, offer themselves for re-election.

Sir Wm. B. Peat, F.C.A., and A. Turquand Young, Esq., F.C.A., the Auditors of the Company, likewise retire from office, and, being eligible, offer themselves for re-election.

By Order,

FRANCIS SHIPTON,
Secretary.

Warrants for the Dividend will be posted on the 24th April.

Dr. BALANCE SHEET,

Nominal Capital	£6,250,000	0	0
Capital Subscribed :			
309,705 Shares of £20 each	£6,194,100	0	0
Called up £5 per Share			£1,548,525 0 0
Reserve Fund			2,000,000 0 0
Notes in Circulation			1,119,131 10 0
Deposit, Current, and other Accounts			20,900,321 2 7
Drafts outstanding, Acceptances under Credits, and Endorsements on Foreign Bills negotiated			1,262,957 18 5
Customers' Bills for Collection, per contra			2,572,682 1 0
Rebate on Bills not yet due			52,353 12 5
Profit and Loss			170,489 2 11
			£29,626,460 7 4

PROFIT AND LOSS

Charges, including Salaries, Rent, Taxes, Remuneration to Directors and Auditors, and all other expenses at Head Office, Branches, and Agencies			£288,592 14 6
Rebate on Bills not yet due			52,353 12 5
Bank Premises Account			15,000 0 0
Reserve Fund			10,000 0 0
Investments Depreciation			25,000 0 0
Balance carried forward			170,489 2 11
			£561,435 9 10

APPROPRIATION

Dividend of 5s. per Share on 309,705 Shares (being at the rate of 10 per cent. per annum)			£77,426 5 0
Bonus of 2s. per Share (being at the rate of 4 per cent. per annum)			30,970 10 0
Officers' Pension Fund			10,000 0 0
Balance carried forward to Profit and Loss New Account			52,092 7 11
			£170,489 2 11

RESERVE

Balance, 31st December, 1913			£2,000,000 0 0
			£2,000,000 0 0

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have examined and compared the above Balance Sheet with the Books, returns from the Branches in South Africa and the Agencies in New York and required. In our opinion such Balance Sheet is properly drawn up, so as to exhibit our information and the explanations given to us, and as shewn by such books and

London, 24th March, 1914.

31ST DECEMBER, 1913. *Cr.*

Cash in hand	£4,445,541 19 6		
Cash at Bankers, and at call, and short notice	973,756 3 7		
		£5,419,298	3 1
Remittances in transitû		687,470	4 3
Native Gold on hand and in transitû		46,375	16 5
Investments in Consols, Exchequer Bonds, Colonial Government and Municipal, and other Securities (including deposits of stock with the Union Government)		2,650,242	4 9
Bills of Exchange purchased and current at this date		4,637,063	19 3
Bills Discounted for and Advances to Customers, after making full provision for Bad and Doubtful Debts and Contingencies		13,062,914	15 1
Customers' Bills for Collection, per contra		2,572,682	1 0
Freehold Premises in London at cost, less amounts written off		60,000	0 0
Bank Property and Premises in South Africa and Hamburg at cost, less amounts written off		456,682	4 0
Furniture and Fittings		23,380	10 2
Stamps, Stationery, and Open Policies		10,350	9 4
		£29,626,460	7 4

ACCOUNT.

Balance undivided 30th June, 1913	£50,594	2 3
Gross Profits after deducting Interest on Deposits, Duty on Note Circulation, Appropriation to Furniture and Fittings Account, and making full provision for Bad and Doubtful Debts and Contingencies	510,841	7 7
	£561,435	9 10

ACCOUNT.

Balance brought forward	£170,489	2 11
	£170,489	2 11

FUND.

Balance, 30th June, 1913	£1,990,000	0 0
Transferred from Profit and Loss	10,000	0 0
	£2,000,000	0 0

D. BARBOUR,
ROBERT E. DICKINSON, } *Directors.*
FRANCIS SHIPTON, *Secretary.*

OF THE STANDARD BANK OF SOUTH AFRICA, LIMITED.

Vouchers, and Securities at the Head Office in London, and with the certified returns. Hamburg. We have obtained all the information and explanations we have a true and correct view of the state of the Bank's affairs, according to the best of

WM. B. PEAT,
A. TURQUAND YOUNG, } *Auditors.*

EVERY DESCRIPTION OF BANKING BUSINESS transacted with the Cape Province, Natal, Orange Free State, Transvaal, Rhodesia, Nyasaland, East Africa Protectorate, Uganda, Zanzibar, Portuguese East Africa and the Belgian Congo, and with the Bank's Agencies in Hamburg, New York and elsewhere.

CURRENT ACCOUNTS are opened on the usual terms.

DEPOSITS RECEIVED for fixed periods at rates which may be ascertained on application.

BILLS NEGOTIATED AND COLLECTED.

MAIL AND TELEGRAPHIC REMITTANCES made.

LETTERS OF CREDIT AND DRAFTS granted on the Branches and Agencies of the Bank.

THE BANK ISSUES CIRCULAR LETTERS OF CREDIT available in all parts of the World.

COMMERCIAL LETTERS OF CREDIT issued.

PURCHASE AND SALE of Stocks and Shares effected.

DIVIDENDS, ANNUITIES, Etc., received.

EXECUTOR AND TRUSTEE business undertaken.

The Officers of the Bank are bound not to disclose the transactions of any of its customers.

GLASGOW: PRINTED AT THE UNIVERSITY PRESS BY ROBERT MACLEHOSE AND CO. LTD.